

POWER POLITICS AND PROGRESS :  
THE EVOLUTION OF TASMANIA'S  
HYDRO-ELECTRIC COMMISSION  
1914-1930.

by

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This thesis contains no material which has been accepted for the award of any other degree or award in any university, and to the best of this candidate's knowledge and belief the thesis contains no copy or paraphrase of material previously published or written by another person except when due reference is made in the text of this thesis.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Simon J Harris

### ACKNOWLEDGEMENTS

In so many ways so many people have helped me to produce this thesis that it is impossible to name them all here. However some collaboration bears especial mention. First I wish to express my appreciation to Michael Roe for his inspiring supervision and sapient criticism. Thanks also to Penny and Derek Rowlands and Rosemary Van der Hek for reading my drafts. Ann Evans and Dennis McDonald have worked diligently 'legiblisng' my scrawl. Finally may I thank Angela Griffiths for putting up with a mad writer's foibles.

ABBREVIATIONS.

EZ : The Electrolytic Zinc Company of Australia.

HEC : The Hydro-Electric Commission of Tasmania.

HED : The Hydro-Electric Department of Tasmania.

HEPM Co : The Hydro Electric Power and  
Metallurgical Company.

PP : Parliamentary Papers, Tasmania.

SEC : The State Electricity Commission  
of Victoria.

THRA : Papers and Proceedings of the Tasmanian  
Historical Research Association.

TGR : Tasmanian Government Railways.

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## INTRODUCTION

On the 18th of January, 1930 the Tasmanian Parliament created the Hydro Electric Commission, and handed to that statutory corporation the administration of the State's electrical energy development. This study seeks to describe how and why this came about. As such it encroaches upon three fields of historical research and analysis.

The first of these is the field of administrative history: the history of methods used by governments to manage their functions and initiatives. Administrative history is gaining ground in Australian historical circles as a legitimate branch of specialist study. For this we must largely attribute thanks to the promotional work of Roger Wettenhall.<sup>1</sup> Melding history with political science it seeks, among other things, to explore a dialectic which exists in democratic society: the need to maintain both accountability and efficiency in the management of government undertakings. This dialectic is particularly relevant to government business undertakings, or 'public enterprise'. It shifts in emphasis according to external conditions. In times of economic adversity or weak government, for example, the weight of the need for efficiency can tend to outweigh the demands of popular opinion. At other times, when for example an administration's policies appear out of touch with virulent popular demands (be they reasonable or not), the call to account must be heeded if democracy is to survive. As we shall see, during the period 1914-30 the principle of efficiency far outweighed the problem of accountability, yet both had to be considered.

Wettenhall greets with pleasure any historically orientated administrative case study. He sees them as invaluable tools for both the administrator and the general reader who attempts to get a firmer grasp on the world around him.<sup>2</sup> One hopes that this study will provide such a contribution: worthy of perusal by people interested in the origins of Tasmania's first and most influential statutory corporation.

The second historical school to which this study aspires is that which concerns itself with a revision of the historiography surrounding Australian intellectualism. In this country it is all too apparent that the intellectual has long been written out of history. This has stemmed from early days in which foreign observers saw Australia as a 'social laboratory', yet failed to find intellectual stimuli behind the phenomenon. This relates directly to our topic. The foreign observer was probably correct in his assumption that early state activity in the 'developmental' arena stemmed more from necessity than from social theory. However at the same time that such judgements were being made, a body of ideologically motivated bourgeois bureaucrats and other professionals was in the process of development. It was paradoxical however that such people were the initiators of the myth of the unintellectual nature of Australians. As Tim Rowse points out, the historiography developed by pessimistic scholars and social critics in the 1930's and 40's 'has died hard'<sup>3</sup> (if it is indeed dead). The time has now arrived to join with those like Rowse and Michael



Roe, who seek to redress the balance and demonstrate that intellectualism and ideology did indeed help shape the polity of Australia. Roe's latest book, Nine Australian Progressives, Vitalism in Bourgeois Social Thought 1890 - 1960, indicates that there have been numerous eminent Australians completely in touch with ideological contemporary world trends. In the first few decades of the present century the tenet of efficiency was embodied in the progressive movement, which had both Tasmanian and more specifically hydro-electric ramifications. However it must be asserted that such people were very often frustrated in their aims.

Chapter One of this thesis deals with administration and progressivism in a theoretical manner. It seeks to put the events described in the remaining chapters into their historical context. It also provides an exploration of the language of progress. The reader will notice that in recent times that language has become somewhat out of date.

Chapters Two to Four, narrow into a case study of a particular era of what might be termed 'Hydro history'. Because of the particularly strong influence of 'hydro-industrialisation' - the policy of providing cheap power to large industries whose main production cost is energy - Hydro history is virtually the history of Tasmania this century.<sup>4</sup> One cannot look at Tasmania without looking at its Hydro. Therefore, in more than one way this work provides a contribution to a growing body of local history.

Nevertheless the particular concern of this thesis is one which has not really been previously tackled: the relationship between power, politics and progress in Tasmania pre-1930.

While there have been essays into particular events and studies of Labor governments during the period,<sup>5</sup> only two works have dealt with the 1920's in any depth. Both have appeared in the last five years, which indicates the topicality of the subject today. One is an admirable piece of social history: however it fails to make any attempt at critical analysis.<sup>6</sup> The other is Peter Read's recent (1985) M. Soc. Sci. thesis. It comes closest to our particular topic. 'The Organisation of Electricity Supply in Tasmania', however, deals mainly with the creation and development of the human and technological superstructure of the Hydro. While Read touches on the growth of administrative machinery, he is most concerned with showing how 'technology shaped the organisation'.<sup>7</sup> Thankfully he has left the study of top level administration in the period<sup>8</sup> to the present writer.

Incidentally, no apology is made for joining with those who have made play of the word 'power'. It is in fact almost a universal practice among those who observe the activity of the Hydro. Peter Thompson's use of the term was pointedly antagonistic.<sup>9</sup> Sir Allan Knight - ex commissioner of the Hydro and close colleague of Premier 'Electric' Eric Reece - used it too: but in a far more jocular fashion.<sup>10</sup> Nobody can possibly deny that the

Hydro is, and as we shall see always has been, an integral part of Tasmanias power structure.

As to sources, one could almost say that everything extant has been considered in preparing this dissertation. Unfortunately much was useless; much more was useful, but unable to be included. The writer has had the good fortune of enjoying free access to all records of the archives of the state, of Parliament, and of the Hydro itself. While secondary materials have been consulted, a close scrutiny of footnotes and bibliography will reveal that - except in the theoretical chapter - documentary evidence has formed the basis of the argument presented. Most valuable has been the Hydro's collection of newspaper clippings, which gives a deep insight into the concerns of the undertaking's management, and a running commentary of events which shaped its growth.

There have however been limitations. Some important documents have long since been lost or destroyed. The lack of substantial Hansards is only partially compensated by the collected 'Mercury Reprints of Parliamentary Debates'. The use of oral testimony has been grossly undermined by the natural erosion of time. A great deal of work needs yet to be done collecting information which might give an insight into the characters and concerns of the men and women who have shaped our society.

FOOTNOTESINTRODUCTION

1. See the bibliography for Wettenhall's contribution to this field. Wettenhall spent many years in the political science department of this University.
2. Wettenhall, R.L. "The Neglect of Administrative History', THRA, 24/1977.
3. Rowse, T. Australian Liberalism and National Character (Melbourne, 1978) p.3.
4. At present a book is being prepared by Mr. Roger Lupton and myself, which hopes to give the 'definitive' history of the Hydro. It will be published late in 1987.
5. For example: Michael Denholm's, 'Lyons Labor government' (Tas. Uni. Hon's Thesis, 1973) Peter Fagan's, 'Earle Labor Government' (ditto, 1975).
6. Sarah Rackham, Hydro Construction Villages (Hobart, 1981-2).
7. p.1.

8. For a study of top-level administration in more recent times see Ibrahim J., 'The Management and Administration of the Hydro-Electric Commission'. (Tas. Uni. Hon's Thesis, 1971).
9. Power in Tasmania (Melbourne, 1981).
10. 'The Quest for Power', Sir John Morris Memorial Lecture, Adult Education Board, 1966.

system.

## CHAPTER ONE

Chapter One: The Clash of Efficiency and Democracy in  
Bureaucratic Theory and Practice.

By 1920 current world trends which questioned the workings of democracy were in evidence in Tasmania. It seemed that while democratic visions of the active State were relevant to Tasmania, so too was the modern realisation that perhaps the political side of government was hindering effective administration of government policies. The system of administration, which had developed at a time when governments refrained from economic activities, was not suited to current movements in 'State Socialism'. Close involvement of 'amateur' Ministers in administration hindered the business efficiency of public enterprises. The 'cult of the expert' was a natural reaction to the problem and the result was concerted advocacy of the public corporation as an alternative, indeed an antithesis, to the departmental system found so wanting. By the time the Tasmanian Government had begun to develop the State's hydro-electric potential, the arguments central to public administration had become highly topical. Yet the forces of democracy and 'political interference' were not to be instantly or easily eroded.

The amount of public enterprise being undertaken in Australia at the time of Federation was remarkable in comparison to the experience of other Anglo-Saxon nations.

It was part of a broad spectrum of State activity and advanced social legislation which drew much comment from the northern hemisphere. The French sociologist Albert M  tin visited the Australasian colonies in 1899. He marvelled first at the advanced state of socialism in the antipodes, and then at the apparent fact that such advances had been made virtually without doctrinal impetus.<sup>1</sup> M  tin's observation was quite correct: pragmatic necessity, more than ideology was at the root of most Australian State activity. Nevertheless if the language of socialism was not apparent to M  tin, the language of the much broader 'progressive' movement was. Contacts with British, and to a lesser extent American, political and social reformist literature and lecturers were strong enough around 1900 to excite a cultural reaction from some Australian nationalists.<sup>2</sup> Popular ideas about politics and government could not help but be drawn from contemporary trends in the northern hemisphere. This was particularly evident in the rapid development of statutory authorities after about 1900. These were staffed by experts and freed from the clutches of amateur politicians. They managed the Public Service generally, and public enterprises in particular.

Early reforms in the civil service in Britain were part of the larger reform movement which gained strength towards the end of the 1820's. Drawing from enlightenment notions of humanism and democracy, reformists stressed human values and aimed at extension of the franchise, social



legislation, and an end to overweening, bureaucratic and venal government. Within the movement a split occurred which created an ideological and practical debate still relevant today. The debate centred around the role of the State. On the one hand 'liberal' individualists sought to limit government to its traditional minimum. But increasingly virulent in opposition to these liberals, more radical doctrinaire democrats aimed at popular sovereignty: seeing the State as the common representative of the community.

Liberals believing in minimal government, or laissez faire, were represented by Cobdenites and Utilitarians. To secure a society in which individuals could freely compete in the economic sphere, they demanded especially that the State should abjure economic activity. Towards the end of the century they represented the main opposition to public enterprise in manufacturing and even in the provision of common services. However, so that proper conditions for free enterprise could be created they called for civil service reforms. The Northcote-Trevelyan Report (1854) gave voice to the demand, and its provisions were enacted over a period of twenty years. This entailed the creation of a '"neutral" civil service filled by open competitive examination [and free from] aristocratic jobbery and mismanagement.'<sup>3</sup>

The doctrinaire democrats rejected the idea of the 'neutral' state: instead it was to be an active instrument of the popular will. To make the instrument more representative they demanded universal suffrage. When this was not instantly forthcoming - thus rendering effective political influence out of their immediate reach - some democrats began advocating 'direct-action'. Early in the 20th century these doctrinaire syndicalists gained strength in the trade union movement. However a less threatening and eventually more potent group of democrats (or socialists) developed a strong movement in favour of the the active State and naturally therefore in favour of public enterprise.

Ironically the administrative reforms sponsored by liberal capitalists helped socialists to achieve their active state. One Australian progressive, F.W. Eggleston, perhaps put it best:

Curiously enough, it was the Utilitarians who developed a theory of sovereignty, and law which marked a definite advance in the efficiency of legislative action. They needed something sharp to cut away feudalism, privilege, and the machinery of paternalism in order to clear the ground for laissez faire. But the Austinian theory, that law is a command and the State is omnipotent really paved the way for modern socialism. The power of the State, so conceived, might be as effective to build up as to cut away. Indeed, it was less apt to install laissez faire than to create the elaborate machinery necessary for State action.<sup>4</sup>

As industrial expansion rapidly urbanised and centralised western peoples, the class of workers most receptive to socialist ideas grew in number. Electoral reforms improved their political voice, and Education Acts assisted the spread of ideas. State activity became increasingly popular and common, and by the turn of the century laissez faire was an historical phenomenon.

Simple democratic feeling however was probably not the most important impetus to State activity. Economic trends were also very important. The pressing need for physical development, which affected Britain, America and Australia equally, inspired bourgeois intellectuals to provide an answer. The answer appeared in various forms. However it can be basically summed up in the words, 'progress' and 'efficiency.' As a Fabian socialist, and member of the broader progressive movement, George Bernard Shaw recalled in 1888 how economic recession in the mid 1870's had led many young

pupils of Mill, Spencer, Comte, and Darwin, roused by Henry George's Progress and Poverty, [to reject] evolution and free thought, take to insurrectionary economics; (and study) Karl Marx.

They had prepared for Revolution, 'no later than 1889.' However by the time of writing (1888) Shaw could say that, 'the ensuing years sifted and sobered us.'<sup>5</sup> Instead of Revolution - the levelling effects of which would almost necessarily affect negatively the lives of intellectual bourgeoisie - GBS and fellow Fabian socialists advocated

Richard Owen's more moderate, gradualist, constitutional method of social change. Searching for Utopia the Fabians fell in with American progressives elevating the State as the means to their ends.

An example of faith in State-action was Sidney Webb's praise of the Post Office as an efficient State-enterprise. Another Fabian, Webb saw the Post Office as an effective demonstration of 'political power and political organisation ... used for industrial ends.' He went on to list, over several pages, the ramifications of State activity already apparent in England in 1889.<sup>6</sup> Even in fields 'still abandoned to private enterprise', the State was daily regulating to ameliorate 'the anarchic competition of private greed.'<sup>7</sup> Ten years later Webb and his wife Beatrice were guests of Alfred Deakin: 'New Liberal', social reformer and a father of Australian Federation.<sup>8</sup> New Liberalism in Australia was roughly equivalent to the Fabian brand of socialism in that it promoted social legislation but avoided revolutionary interference with the status quo. Graham Wallas, another contributor to the Fabian Essays, called for the day when railway systems would be 'owned by the English nation.'<sup>9</sup> In Australia, by that time, railroads were already well absorbed into the public sector. Only the State, in Australian experience, could develop and administer effective and efficient public utilities to the benefit of society in general.

In America the progressive movement came to fullest flower. In the words of Michael Roe:

Reformist and Utopian ideas had always flourished in the great republic, yet by the late nineteenth century liberal capitalism had manifestly created enormous social problems. Something like progressivism was a near inevitable outcome of this dialectic.<sup>10</sup>

Professor Roe's analysis of dialectic-intellectualism here runs parallel with Marxian dialectic-materialism and brings out the very real link between Fabian Socialism and the broader progressive movement. Both were products of powerful and connected nineteenth century trends. In fact they are so closely connected it is difficult to see which came first. However it is reasonable to accept Roe's version, which presents Progressivism, or political 'modernism', as an umbrella movement and Fabian socialism as one of its ramifications. The Progressive's highest ranking quality was 'efficiency', often a synonym for 'business', which meant:

... being imbued by purpose, and bending every nerve and skill to that purpose [while loathing] waste, or 'drift' [and] obsolete tradition.<sup>11</sup>

The emphasis here is obviously on Man. While the State is supreme, it is staffed with people. The Webbs and Shaw were people of the highest order and, in true progressive style, throughout the Edwardian period they "had to all intents and purposes dropped their former

commitment to Socialism, striving instead for the much more limited objectives contained in the National Efficiency ideology."<sup>12</sup> G.R. Searle has described The Quest for National Efficiency (1971) in Britain. Robert Wiebe has looked at the phenomenon in America in his Search for Order (1967). Roe has done the same with his Nine Australian Progressives, Vitalism in Bourgeois Social Thought (1984).

Wiebe saw that the turn of the century period of heightened industrialisation, urbanisation and immigration changed the structure of American society from a loose collection of self contained communities, into a nation. A new State structure was therefore required to cope with the problems of standardisation, and the centralisation of national administration. To achieve that aim, a 'new middle class' sought to transform American democracy and implant a new value system to replace the old hierarchy. Not looking for socialism, the Progressive movement nonetheless vaunted the necessity of a government of continuous involvement; a dynamic, centralised public administrative machine; and, naturally enough, an important societal niche for themselves. Assigning to government for greater power, the new system elevated a novel social elite: the expert, professional, bureaucratic (yet) creative and efficient, managerial public servant.<sup>13</sup> Roe has demonstrated the Australian manifestation of this process.

Australia, always had public-enterprise and socialism (even if 'sans doctrines'). Its colonial beginnings and sparse population necessitated immediate and continuing State activity. In post 1920 Australia a nascent native historiography of social development accepted Métings' hypothesis of socialism-without-doctrine and noted over a century of government paternalism. F.A. Bland (see below) thoroughly investigated the NSW Public Service in 1923. But the most systematic study of 'State Socialism' (or State-capitalism) can be found in F.W. Eggleston's<sup>14</sup> book of 1932. W.K. Hancock<sup>16</sup> used Eggleston's manuscript<sup>17</sup> as his source for the 'State Socialism' chapter of his Australia (1930). Both were in accord with E.O.G. Shann's Economic History of Australia (1930). Bland, Eggleston, Hancock and Shann gave intelligent voice to the progressive 'cult of the expert' which had begun to take root in Australasia towards 1900 when, 'The new technologies of the age and the writings of such men as Nietzsche, Bergson, and James inspired a new breed of social reformer - men of thought driven to serve society as active citizens.'<sup>18</sup> As both thinkers and doers such men sought to redress the balance in government between politics and administration in favour of the latter.

The institutional manifestations of those 'active citizens' progressive work most relevant to the present study, are to be found in reforms to the civil service and to the administration of public enterprises. The aims of reformers were two-fold, both conducive to efficiency.

Firstly, the expert commission, by replacing Ministerial departments (and thus politicians), would supposedly eradicate ignorant and politically motivated interference, amateurism and venality. Close approximation to the methods of private businesses would allow for 'flexibility' and sound economic practice. Secondly, the removal of government administration from politics would allow for a continuity unobtainable when administrative heads were also Ministers subject to frequent electoral pressure.

In New South Wales in 1895 the first of an Australian series of Public Service Bills was enacted. The series was completed by Tasmania's Public Service Act of 1905. Based on British experience and that of American cities which discarded democratic administrations for the "city manager's"<sup>19</sup> the Public Service Acts in Australia established boards or commissions of experts to organise government administration, particularly aiming to take control of personnel out of political hands and place it in control of an independent central body. However, to the horror of later scholars the idea soon disintegrated. F.A. Bland's pioneering Australian study of the Shadows and Realities of Government (1923) rued the fact that

the force of tradition and the stress of political expediency quickly made serious breaches [in the Public Service Board] principle and consequently there [was] witnessed a mushroom growth of commissions and departments "independent" of the central Public Service authority.<sup>20</sup>



Bland's hope for a single administrative authority to counterbalance obsessive democratic interference was never achieved in Australia.<sup>21</sup> Nevertheless his comments help pinpoint a movement which started around 1900. As will be seen in later chapters his comments relate closely to the Tasmanian experience.

Bland's mentor was Professor Robert F. Irvine. Progressive, pedagogue, planner, and promoter of a 'super-secretariat',<sup>22</sup> Irvine led the 'National Efficiency Movement' in Australia.<sup>23</sup> Another Irvine - the Professor's contemporary, William H. - was a politician concerned with effective administration. He was eulogised by Eggleston for his developmental policy as Victorian Premier,<sup>24</sup> and for his intellectual fostering of the statutory corporation ideal. Australia's leading administrative historian today, Professor R.L. Wettenhall,<sup>25</sup> has called W.H. Irvine and his political partner, George Swinburne, 'two of the greatest architects of the public corporation Australia has known.'<sup>26</sup> For a systematic analysis of the instrument as it related to public enterprise, Australians had to wait for Eggleston's State Socialism in Victoria (1932). Nevertheless the principles he enumerated had a long history by that time.

Agreeing with Bland, Eggleston noted the rise, after about 1903, of the statutory corporation as the instrument with which governments entered into business:

a body with a defined charter and a financial endowment, which can act independently of the departmental system of the state.<sup>27</sup>

Yet by definition, the instrument could be varied to suit certain needs, those 'needs' were very often politically determined. The 'defined charter' could in effect mean anything; a 'financial endowment' often entailed dependence on the consolidated revenue, and thus upon a budget necessarily tailored to suit political exigency; on the final count, 'independence from the departmental system' did not always entail independence from Ministerial executive authority. Hence the statutory corporation might ensure the accountability of public-enterprise to its shareholders through the democratic principle. However this was generally maintained at the expense of efficiency and economy. Thus there was need for a much tighter definition especially in the eyes of progressive promoters of national efficiency.

The paradox was that while, as the Queensland Senator A. St Ledger put it in 1909, 'The States found it imperative to save [the railways] from uncontrolled State power,' politicians were unwilling to take the principle to its logical end. So it was that when the Victorian Railways were vested in a statutory corporation, administered by three commissioners, in 1903,<sup>29</sup> they were not given financial autonomy. Being dependant upon government finance the service remained a 'plaything of political influence,'

it had been since nationalisation in the 1850's. Politicians, ever seeking the vote, could and did use pressure to have unprofitable lines laid, or to maintain low rates. This made the railways totally unpayable - bringing a huge burden on the tax payers pocket. Thus in Victoria by 1930-31 total capital expenditure had reached 74,609,206 pounds; Annual capital charges were rated 3,596,758 pounds; yet net revenue for that year was only 2,313,214 pounds: leaving a deficit of over 1.2 million pounds to be met by Treasury subsidy.<sup>30</sup> The experience was pretty well universal in Australia. Tasmania's experience was such that a 1910 Act incorporating the Tasmanian Government Railways (TGR), under a single commissioner without financial independence: 'was so grossly abused by the politicians of the State that people generally forgot that the TGR had been converted to the public corporation form.'<sup>31</sup> Similar experiences in Victoria taught Eggleston that: 'The integrity and efficiency of a State Service are rooted in finance, all the evils of political influence will enter if any loophole is left through a financial defect.'<sup>32</sup>

In the following chapters, therefore, the reader will not be surprised that financial autonomy was a burning issue with those who would have an efficient and business like state hydro-electric enterprise.

The numerous attempts in Australia to place public utilities under statutory boards independent of Ministerial

control were symptomatic of 'declining faith representative government,' and the rise of opposed forms of government,<sup>33</sup> which by the late 1920's could be seen most clearly in the establishment of despotism in formerly democratic Mediterranean countries. While Australian bourgeois intellectuals contrived to uphold social democracy under the banner of 'New Liberalism', many of them admired the apparent efficiency of early fascist experiments in Italy. For many of them, democracy seemed to be deteriorating into 'mob rule.' The period 1914-30, characterised by war and economic uncertainty, brought the vitality of meritocratic elitism inherent in progressivism into high relief made manifest by a broad range of pedagogical literature.

Compromise was sought to answer the old yet increasingly virulent problem which existed in the dialectic between the principles of democratic government and those of business and efficiency. For some the problem seemed to demand a return to some modern counterpart of laissez faire. The Queensland Professor of Psychology and Ethics, Elton Mayo, sought to restrict the activity of the political side of government which, he thought, had become dangerously misguided.<sup>34</sup> Eggleston too was converted between 1924 and 1927 from a strong advocate of public ownership and operation of all common services to the view that society had not yet advanced to an appropriate stage of civil responsibility - the public was ignorant and apathetic and 'Nobody was interested but the "interests".'<sup>35</sup> There were

other people in this movement of disgust and retraction: people who saw the need to reassert the division between the political and administrative functions of government in the interests of efficiency and business economy. They called upon businessmen, professionals, experts; to relieve amateur politicians of the reins of government administration. In Tasmania, as we shall see, the situation was much the same.

Perhaps the most obvious intellectual link between Tasmanian and mainland progressives was to be found in the university extension programme for the Workers Education Association. The University of Tasmania's Calendar for 1914-15 announced that WEA tutorials in Economics, begun in June 1914, now had 80 members.<sup>36</sup> By mid 1918 it was pleased that 'active local extension committees could be found in Launceston, Burnie, Devonport, Ulverstone, Lindisfarne and Bushy Park.'<sup>37</sup> Bushy Park was the home of one of the chief protagonists of this thesis, the 'Tasmanian Visionary'<sup>38</sup> of irrigation and loudest promotor of a Hydro Electric Commission, W.E. Schoobridge. One of Michael Roe's Progressives, Edmund Morris Miller - whose name is now fastened to the Tasmanian University's library - lectured often in company with Meredith Atkinson,<sup>39</sup> the most prolific of progressive pedagogues.<sup>40</sup> The young Torleiv Hytten's honours thesis, 'A Study in Railway Economics' (1928) was a prime example of intellectual grasp of progressive tenets apropos public administration (and in fact qualified him for his M.A.).

Both Labor and non-Labor media in Tasmania spouted the language and aims of progressivism, drawn from local experience and also directly from overseas. Edmund Dwyer-Gray, editor of Labor's Daily Post presented a continuous advocacy for political attention to the "Hydro Management Question." His opposite number at the Hobart Mercury, W.H. Simmonds, did likewise. Both had reached their maturity in the northern hemisphere.<sup>41</sup> John Butters and Harry Curtis, chief engineers and general managers of the Hydro Electric Department (1914-1933) were both active engineer - businessmen who put the intellectual principles of progressivism to work wherever possible. Their public statements ever betrayed their knowledge of overseas directions in public enterprise administration. There can be little doubt that the guiding ideas of a half-century of western thought had not escaped the notice of people in the 'Anti-Socialist Arcadia',<sup>42</sup> floating insignificantly in the great Southern Ocean. Yet there is even less doubt that, as in Eggleston's Victoria, no one was interested but the 'interests': the Hydro Management Question was not "political", an electoral issue, so governments let it ride. The following chapters will trace the relationship between politics and the management of Tasmania's hydro-electricity, in the light of the above discussion.

FOOTNOTES

CHAPTER ONE

1. Albert M  tin, Le Socialisme Sans Doctrines (1901).  
See Russel Ward's translation, Socialism Without  
Doctrine (Sydney, 1977).
2. For example, the correspondents of the Sydney  
Bulletin, despite the internationalism of the paper's  
literary editor, A.G. Stephens, often railed at the  
obsession of Australians with imported ideas.
3. G.R. Searle, The Quest for National Efficiency  
(Oxford, 1971), p. 17.
4. F.W. Eggleston, State Socialism in Victoria (London,  
1932), p.23.
5. George Bernard Shaw, Essays in Fabian Socialism  
(London, 1932), p.23.
6. Sidney Webb, 'The Historic Basis of Socialism', in  
Fabian Essays (1889). Sixth Edition (1962),  
pp. 79/81.
7. Ibid, p.81.
8. La Nauze, J.A., Alfred Deakin (Melbourne, 1965),  
p.150.
9. Graham Wallas, 'Property Under Socialism', in Fabian  
Essays, op. cit., p.169.
10. Michael Roe, Nine Australian Progressives (University  
of Queensland Press, 1984), p.8.
11. Ibid., pp. 11/12.

12. Searle, op cit., p.63.
13. Robert Wiebe, The Search for Order (London, 1967).  
Interalia.
14. The definitive account of Eggleston's career is Warren Osmond's biography, Frederick Eggleston (Sydney, 1985).
15. Eggleston, op cit.
16. For Hancock an interesting study can be found in Tim Rowse, Australian Liberalism and National Character (Melbourne, 1978). See especially Chapter 3, 'New Liberalism's Second Thoughts - Hancock's "Australia."'
17. W.K. Hancock, Australia (London, 1930), pp.130ff.  
'State Socialism' was Eggleston's thesis which won the Harbison-Higginbotham prize for historical and economic research in 1929.
18. Roe, op cit., cover notes.
19. Ibid., p.10.
20. Francis Bland, Shadows and Realities of Government (Sydney, 1923), p.2.
21. Ibid., p.vi.
22. Roe, op cit., p.268.
23. Rowse, op cit., pp.468ff.
24. Eggleston op cit., pp. 33,34.
25. See the bibliography for details of Wettenhall's contribution to Australian Administrative history.
26. R.L Wettenhall, Railway Management and Politics in Victoria 1856-1906 (Canberra, 1961), p.78.



27. Eggleston op cit., p.46.
28. A. St Ledger, Australian Socialism (London, 1909), p.137.
29. Victorian Act of Parliament 3. Edw. VII., No. 1825.
30. Eggleston, op cit., p.149.
31. Wettenhall, op cit., p.259.
32. Eggleston, op cit., p.127.
33. A.H. Charteris in W.G.K. Duncan (Ed.) Trends in Australian Politics (Sydney, 1935) Chapter Four, p.126.
34. Elton Mayo, 'The Australian Political Consciousness', in Meredith Atkinson (Ed.), Australian Economic and Political Studies (Melbourne, 1920).
35. Eggleston, op cit., p.viii.
36. Calendar of the University of Tasmania: 1914-15, p.242.
37. Ibid., 1917-18. p.246.
38. Broinowski, 'W.E. Shoobridge, A Tasmania Visionary' (Uni. of Tas. Hons. thesis, 1971).
39. Roe, op cit., p.291.
40. Meredith Atkinson: see for eg., op cit.; The New Social Order: A Study of Post War Reconstruction (Sydney, 1919). Atkinson was President of the WEA in Australia.
41. For Dwyer-Gray see W.A. Townsley's thumbnail sketch in Frank Green's A Century of Responsible Government in Tasmania (Hobart, 1956), pp. 234,235. For Simmonds see Prominent Tasmanians (Hobart, 1924). pp. 77,78.
42. W.M. Hughes The Case for Labor (Melbourne, 1909). pp. iii-9.

## CHAPTER TWO

Chapter Two: Tasmania's Hydro Electric Department.  
Early Legislation: Political Control  
Plus Expert Management.

In 1909 the Complex Ores Act<sup>1</sup> passed through Tasmania's legislature. Though the stated purpose of the Act was to provide power for a single factory, it gave James H. Gillies' electrometallurgical company extensive rights to develop the hydro-electricity potential of Great Lake; to generate and distribute electric current state-wide; and even to submit regulations for these purposes to the government. In December 1910 Complex Ores Ltd. floated a subsidiary company vested with those rights. The Hydro Electric Power and Metallurgical Company (HEPM Co.), under engineer-in-chief and manager John Butters,<sup>2</sup> carried out construction works at Waddamana until it ran into overwhelming difficulties: a severe winter in 1912; the contraction of the European money market caused by the Balkan War;<sup>3</sup> and possibly some interference from a would-be competitor.<sup>4</sup> HEPM Co. went into receivership in early 1914 and by October the entire scheme was in the hands of the Tasmanian people.

With the purchase the government also acquired the services of John Henry Butters (1885-1969), around whose personality the next ten year's events revolved. This man

more than any other determined the direction hydro development would take, almost to the present day.<sup>5</sup> A lover of the science of electricity - 'an apparent abstraction, and yet ... amenable to the most marvelous mathematical modelling - a most logical discipline.'<sup>6</sup> - he was also a 'captain of industry' in the classic mould.<sup>7</sup> As a technician his skills were never in doubt, even before his Tasmanian experience. As a businessman, however, though eminently successful, his credentials were made the subject of debate in Tasmania. Butters was a propagandist of the first degree. He did more to publicise Tasmania's power resources and popularise domestic consumption than any mere technician could have done. His life's interests included the active promotion of the status of professional engineers.<sup>8</sup> His early <sup>active</sup> involvement in George Pearce's Federal Scientific Research Bureau<sup>9</sup> (forerunner of the CSIRO), and his efforts in establishing tertiary-level engineering at the University of Tasmania<sup>10</sup> help place him firmly in the mould of 'Australian Progressive' as defined by Roe.<sup>11</sup>

Born in England in 1885, eldest of a seaman's six children, Butters was imbued with responsibility early in life. His education was sound and distinguished, as were his college careers on the soccer field and cricket pitch.<sup>12</sup> Joining the giant German-Anglo engineering company of Siemens' Brothers in 1905, he made meteoric progress. At age twenty four he was posted to Melbourne as the company's

JOHN HENRY BUTTERS



1885 - 1969

Photo courtesy HEC archives.

Australasian chief engineer. In 1910 he advised the New Zealand government on the design and layout of its Hira Hora hydro-electric works. By the following year, when he came to advise HEPM Co. on the Great Lake Scheme, Butter's name had already acquired an aura of professional distinction. Yet he also displayed an attractive sense of adventure; travelling 'incognito' to Tasmania.<sup>13</sup> His obvious good looks and 'quiet manner of absolute confidence in himself,' provided a source of interest for Tasmania's women folk.<sup>14</sup> Nevertheless HEPM Co. had other more practical criteria; and by 1911 they and their adventurous scheme had attracted him into their employ.

John Henry Butters was a man in the Kiplingesque sense of the word. He risked his reputation in the 'heap and toss' of Tasmanian hydro-electric development and won a hefty if sometimes troublesome reward. He was a professional elitist; yet never did he 'lose the common touch.' By the time he left in 1925 to chair the Commission administering the construction of Canberra he had won the general, if sometimes grudging, admiration of most Tasmanians. A fountain of information and framer of government policies he was enjoyed by the press who 'waited upon him' and often printed his statements word perfect. Those of his staff who live to remember him invariably talk of his 'charisma' and his friendly yet firm attitude. Brother engineers of the highest calibre frequently accepted with thanks his contribution to their fellowship. By the

time he grew old 'JHB' was on more boards of directors and executives of societies and institutes than most people could have dealt with. When attacked, however, he could be brutal, even caustic in reply: a master of the forensic art. His Tasmanian career was characterised by remarkably efficient service in the face of political interference and public criticism which may well have daunted a lesser man.

For the purposes of our topic three points are to be culled from the events of 1914. The first is that many, including Gillies himself, were relieved that the government of Labor's John Earle brought such an important developmental enterprise into the control of the state. The second is that party politics appear to have had nothing to do with the decision to purchase. As we have seen in Chapter One, public enterprise in Australia was a popular phenomenon early this century.

There is the possibility that differences in party attitudes, as described by C.H. Northcott in 1914,<sup>15</sup> were operative in Tasmania. Northcott made the general point that Labor attitudes to State-Socialism or 'state interference' were guided by the ideology of social welfare, whereas Liberals had '... no definite principle beyond one of expediency and compromise.'<sup>16</sup> However Peter Fagan's recent study of John Earle's Labor Government (1914-16) has shown that the policies of the Tasmanian Labor Ministry and the Tasmanian Liberal League were remarkably similar. Both

left and right believed in a 'reasonable' amount of private enterprise, and in a policy of nationalisation only when private enterprise was detrimental to the public interest.<sup>17</sup>

The most important consideration in making the final purchase of the HEPM Co. was the attractiveness of the floundering company's proposal. Encouraged by the New Zealand electrical expert Evan Parry's April report on the soundness of the scheme,<sup>18</sup> Earle prepared the Hydro Electric Purchase Act, 1914:<sup>19</sup> which in effect allowed the government to buy a 200,000 pound scheme for a down payment of only 25,000 pounds.<sup>20</sup> Prompted by a strong press campaign, the Legislative Council - known for its conservatism in relation to progressive acts<sup>21</sup> - consented to the deal. As The Mercury had put it, while the 'national development' aspect was important the decision rested essentially on the principles of business.<sup>22</sup>

This brings us to our third point: that while business principles determined the purchase, the question of how to manage the new acquisition along the lines of business seems largely to have been ignored: and this at a time when perhaps such discussion would provide the most fruitful outcome. Instead of planning from the start for future requirements legislation was to be developed ad hoc. Thus by 1917 Butters was working under several Acts and numerous Amendments: a situation causing much confusion.



Nevertheless the 1914 Act made Earle's administrative intentions clear. Section 11 of the Act vested in the Minister of Lands and Works power to construct the works and all the 'powers, authorities, privileges, concessions and advantages' hitherto extended to Complex Ores for that purpose. Thus the scheme came under the Public Works Execution Act, 1880, and the Branch Roads Construction Act, 1881. The Hydro was to be firmly ensconced within the State's departmental system. This idea was questioned - according to records available - by only one MHA; and not at all by the press. The Liberal lawyer and MHA for Denison, William Fullerton<sup>23</sup> asked Premier Earle if he would appoint a commissioner to 'place the management under proper control.'

Fullerton felt uneasy that the Act 'gave the Minister absolute control' and asked for an undertaking that no contracts would be entered into while the house was in recess. He obviously feared amateur and unchecked political control. Earle replied that Fullerton 'was asking altogether too much.' Ministers, he said, would shoulder the responsibility. He referred to the wider implications of development. 'The building up of a large industrial population, for example was, one of the most vital importance.'<sup>24</sup> The premier suggested that such considerations called for flexibility in contract-making whereas a commission would have to deal from a fixed scale

of charges. In fact Earle had already asked John Butters if he would take the job of 'Chief Engineer and Manager of the proposed Hydro Electric Department': and Butters accepted the next day (21st July 1914).<sup>25</sup>

In rejecting Fullerton's proposal Earle thus defined a policy of political control based on a belief that only representative Ministers could evaluate the total ramifications of hydro development policy. The flexibility he referred to was not 'flexibility' in the business sense - related to financial autonomy - but flexibility which would allow the government to offer cheap power (even below cost) in the interests of indirect benefits to the State: ie. jobs created, taxes collected. It seems that Earle felt a commission which would of necessity base its decision mainly on business principles, could not be relied upon to make decisions which truly reflected the will of the people's representatives in government. Possibly this was based on a common belief that commissions lacked initiative, moving too slowly for fear of failure. This perspective was to prevail for a good many years: if the state was to own it was also to control, directly. The idea was given further realisation by Section 11 (4) of the Act which exempted the Minister from the provisions of the Public Service Act, 1905, and placed in his hands total autonomy in personnel control. As we know, this corresponded with Australian trends and provided a source of concern for bureaucratic thinkers in the 1920's. It did, however, give early

indication that the government realised the business nature of its new project and the need to 'confer substantial autonomy of management on such (public business) enterprises.'<sup>26</sup> Apart from Fullerton, the idea of Ministerial 'autonomy' did not impress itself on those concerned as a bad thing: instead it provided necessary accountability to the democratic shareholders. The policy remained not seriously challenged by legislation for eleven years. And even outside Parliament the principle of Ministerial control was not seriously attacked until at least a few years had passed.

The Hydro Electric Purchase Act received Royal assent on 24 July, and on the 'Red Letter Day',<sup>27</sup> of 6 October the deal with HEPM Co. was completed. Butters quickly began work both completing the electrical scheme and filling his new position as a public servant. The former function was to be frustrating because of unavoidable delays in wartime shipping of supplies. The latter function, however, Butters pursued with relish and on 30 October he presented his Minister with the first of what was to become a stream of well-considered memos, reflecting on the State's hydro-electric policy for the future.

The 'Price of Power',<sup>28</sup> memorandum came on the eve of Earle's visit to the 1914 Premier Conference. It formed the basis of a pricing policy which has lasted to the present day. Quoting 'a standard practice throughout the world' he

wrote that domestic consumers should subsidise large industrial consumers. This was 'a business proposition' which would work in the interests of development. Tasmania, he stressed, should undercut all competing Australian bulk power suppliers. Butters admitted that his technical arguments might confuse the lay mind. Indeed he was right: the subsidy system was a constant source of anxiety in the years which followed. Nevertheless the government was prepared to accept his expert opinion.

While the government recognised Butter's expertise in such matters the public appears to have been slow in realising that he had actually been appointed Chief Engineer, as well as the position of Manager. In the public eye the Hydro was quite simply a government department. Early criticism as to an apparent lack of activity gaining customers for the State product was leveled at the Minister responsible, James Belton. The Examiner advocated the appointment of a business manager to drum up trade.<sup>29</sup> However, this prompted consideration of the subject by The Mercury, which came to the sudden realisation in March 1915, that the position had been filled by Butters who was indeed actively negotiating with prospective customers.<sup>30</sup> In the following month Butters addressed the press and various bodies, including the Royal Society, on the need for public support of the scheme which, he said, meant support of the scheme by its owners.<sup>31</sup> By likening the public to shareholders, however, the Manager of the HED opened

something of a Pandora's Box: if the shareholder could support he could also criticise; a practice which escalated as time went by.

By mid 1915 the first stage of the Waddamana scheme would soon be ready to begin operations. This meant that customers would soon be bringing revenue to the HED. An entire accounts superstructure would therefore need to be created. Hence in July a Bill was presented to Parliament which aimed at providing the machinery for running a business enterprise. Administratively, the consequent Complex Ores Amendment Act<sup>32</sup> reasserted the principle of Ministerial responsibility. The 'promoter' of the 1909 Act was replaced by the 'Minister', to be appointed by the government through the Governor-in Council. The job was first allocated to the Minister for Lands and Works, but as the hydro portfolio grew in stature, 'Lands' and 'Works' separated into two departments and the Works Minister controlled the Hydro Electric Department. Later as the Hydro's importance grew even greater, the portfolio passed to the Premier, where it has remained with few exceptions ever since: although of course the Minister's job, since commission status was attained in 1929, has diminished considerably. The 1915 Act gave the Minister power to 'carry on and conduct any branch of any business whatsoever connected with the State Hydro-Electric Works, and to carry out any purpose ... (that he might) ... deem desirable in the interests of the State.'<sup>33</sup> He gained authority to enter

into and enforce contracts.<sup>34</sup> In fact one clause gave him general power to 'do anything that the owner of similar works might lawfully do.'<sup>35</sup>

With staff control and a 'defined charter' the HED therefore actually resembled a 'statutory corporation.' However they were the only aspects in which it did. The Department had no statutory independence from the political organ of government. In fact it remained fully accountable to the public in two fundamental respects. For a start the Minister, being politically appointed, could be politically removed at any time. This could mean an electoral defeat or a Cabinet decision. Though the former case appears not to have happened, the latter certainly did, in 1924, when Premier Lyons relieved Minister Belton from the portfolio because of his patent inability to deal properly with it.<sup>36</sup>

Secondly, Section 79 called for 'full and faithful' accounts to be kept; for an annual balance sheet to show the true financial position of the works and operations of the HED. These were to be submitted to the Auditor General for certification and gazetting; and to be submitted to Parliament together with the Chief Engineer and Manager's annual report. The annual report was also to include an exhaustive list of HED employees, their names, salaries, wages and capacity of employment. The Hydro thus was meant to be fully public and its shareholders, the State's taxpayers, were to be kept fully informed of its

activities. This caused great concern in years to come for the government and its manager who was attempting to approximate the secretive workings of a private enterprise. When trying to attract business from competing state electricity suppliers, the Hydro was denied the commercial advantages to be gained from sole and secret possession of crucial operating figures.

As if it was not to be difficult enough to run a competitive and profitable business, the 1915 Act added to John Butters future list of woes the stigma of financial dependency. On this crucial point he was to campaign first and most strongly. Section 81 asserted the Department's relation to the consolidated revenue: thus putting economic devices such as sinking and depreciation funds out of the businessman's reach. It attached a 'business' enterprise to a Budgetary year (usually some months out of synchronisation with the financial year). Eggleston's 'financial loophole' was thus applied.

Section 80 provided that expenditure monies were to be appropriated by Parliament. This would deny Butters flexibility by strictly controlling his spending. Later when pressed to prove he had not misappropriated votes of money he managed quite remarkably to do so. Joe Lyons there-upon asked the House what should be done with a man found guilty of sticking to the estimates: to which Franklin MHA Hean exclaimed 'Give him the VC!'<sup>37</sup> Indeed Butters was

showered with public honors culminating, in 1929, in a knighthood.

Butters must have been consulted in framing the 1915 Act. The most obvious outcome of such consultation was the Act's indirect concession to business principles. While ultimate authority was vested in the Minister, the subsections relating to the Chief Engineer and Manager were vital to successful operation of the enterprise. Prior to the Act - during the construction phase - Minister Belton enjoyed no statutory powers of delegation. This entailed detailed involvement on his part.<sup>38</sup> It allowed for early problems: for instance in January 1915 when public pressure regarding wages paid at Great Lake sponsored what may be seen as a politically motivated concession to labour. On Monday, 18th January 1915, Belton emerged from discussions with fellow labour agitator Bill Sheridan, announcing that he had instructed Butters to raise the minimum wage for workers by sixpence, to eight shillings a day.<sup>39</sup> Sheridan appointed himself a watchdog over Hydro wages. After Labor lost office his attacks became more public, often taking place in Parliament. A fully fledged statutory corporation would not have been subject to such pressures, taking its lead instead from direct negotiation with unions or arbitration. Whether a wage rise was justified is not important: what is important is lack of independence from political influence.



The 1915 Act gave the Minister power to delegate his authority to his manager, who at the same time gained statutory status of his own. Although not actually named in the Act,<sup>40</sup> Butters was provided with the Governor's protection and a term of office of five years.<sup>41</sup> He was given authority to 'appoint and discharge officers, clerks, workmen and servants.'<sup>42</sup> Furthermore Belton was empowered to delegate 'all or any of his powers under this Act,' except the power of delegation itself, to Butters. Belton and his successors made full use of this clause. Butters rapidly became recognised as definite head of his department. The Act having been passed, he could soon be witnessed negotiating large supply contracts on behalf of the government. Yet despite being given wide authority, he could never escape the prying eye of the public - not always a bad thing; but often equating to no more than ignorant or politically motivated interference. While his Ministers generally pursued a policy of deference to his expert opinion, they were at times vacillating, their decisions awaiting consideration of political exigencies. As Butters intimated to his staff,<sup>43</sup> this could be tremendously frustrating, bringing with it often unfair and undeserved charges of mismanagement from ignorant or hostile observers.

So, by 1915 the administrative structure of the State's hydro-electric enterprise had been settled. The government was to control the HED through a single executive

officer. It would control personnel without reference to the Public Service Act, and enter into contracts without discussion in parliament. Thus political control had been asserted, while the democratic system provided a method of censure should the politicians in control fail to work in the best interests of the majority. In 1917 a further amendment gave the government power to apply the authority of the Principle Act to any future developments. This further extended its right to 'govern by regulations' and provoked a strong yet ineffectual outcry from the press. The 1917 Amendment Act also further asserted the principle that, while the undertaking was vested in a minister, its day to day administration should be left in the hands of expert officials - or in this case one expert official. Section 10 directly emphasised the government's faith in John Butters by upgrading his title to Chief Engineer and General Manager.

As this chapter has, perhaps excessively, sought to point out, early legislation proved a source of confusion in years to come. The final two chapters will describe the results of such confusion. While confirming in principle the Hydro's direct accountability to the political process, the legislation also demonstrated the principle of deference to experts in the interests of national efficiency, development and scientific management. Unfortunately the two principles, as we saw in Chapter One, are often dialectically opposed: the one interfering with the other.

As time progressed the dichotomy became patent to progressive thinkers on the subject. A campaign thereupon arose demanding administrative reform. This campaign, as we will see, took two basic forms, both of which were partially resisted by none other than John Henry Butters himself. Until 1921, when Butters threw his weight behind the campaign for full apolitical managerial independence, he fought hard to maintain 'the Ministerial link'.

FOOTNOTESCHAPTER TWO

1. Tasmania: 9<sup>0</sup> Edward VII. Private 13/1/1910.
2. Testimonial to JHB from HEPM Co. Board, 16/1/14.  
Staff file, HEC Archives.
3. J.H. Butters, "Notes on the Development of the Power Resources of Tasmania." The Institution of Engineers Australia Papers and Proceedings (No. 1. Vol VII, 1926), p4.
4. A.J. Gillies, Tasmania's Struggle for Power, (Burnie, 1984).
5. Knight, A.W. "The Influence of Power in the Development of Industry in Tasmania." Paper for ANZAAS Conference 18/8/1965. pp. 13-15.
6. Butters, J.W.W. 'The Life and Times of John Henry Butters'. First 'Sir John Butters Oration' delivered to Canberra Division of Institution of Engineers, Australia. 14/12/85, p.4. Soon to be published in IEA Papers.
7. cf. for instance the career of John Monash, as described by Serle, op cit.
8. Butters, J.W.W., op cit., p.2.
9. Daily Post 14/4/16.
10. Mercury 26/1/16.

11. Roe, op cit., p.303. '... that powerful progressive entity, the Council for Scientific and Industrial Research.'
12. Butters, J.W.W. op cit., p.4.
13. McAulay, I. Kanna Leena (Hobart, 1952), p.446.
14. Ibid.
15. C.H. Northcott, Australian Social Development (New York, 1918) Northcott's book referred to social development up to 1914. See p.9.
16. Ibid., pp. 24/25; 163/164.
17. Peter Fagan, "The Earle Labor Government" (Tas. Uni. Hons. Thesis, 1975) p. 40.
18. See Premiers Department Correspondence. PDI. 148/514.
19. Tasmania: 5<sup>o</sup> Geo. V., No.4., 24/2/1914.
20. Peter Read, "The Organisation of Electricity Supply in Tasmania." (Tas. Uni. M. Soc. Sci. Thesis, 1985), p.45.
21. Northcott, op cit., pp. 27-9.
22. The Mercury, 15/7/14.
23. See Scott and Barbara Bennetts' Register of Tasmania (ANU, 1980) Political Biographies for the career of Fullerton and all other Tasmanian politicians mentioned herein. See also relevant sections of C.A. Hughes and B.D. Graham's Handbook of Australian Government and Politics 1890-1964. (Canberra, 1968).
24. Daily Post, 23/7/1914.
25. Premiers Department correspondence in Tasmanian State Records Office, Tasmanian Archives. PDI: 148/1/14.

26. Wettenhall (1968), op cit., p. 61.
27. Mercury, 6/10/1914.
28. PD. I. 148/1/14: 30 October 1914.
29. Examiner 8/3/1915.
30. The Mercury 9/3/1915.
31. Ibid., 13/4/1915.
32. Tasmania 6<sup>o</sup> Geo. V. No.2.
33. Ibid., Section 8. 42(a).
34. Ibid., Section 8. 42(c)i.
35. Ibid., Section 8. 42(c)ii.
36. Examiner 1/2/1924. Despite having been Minister for the HED 1914-16, Belton stated after 3 months as Minister that he 'had not been able to grasp the details of this big Department.' Within two months Lyons was the Minister. Dire fiscal circumstances prevalent at the time no doubt helped Lyons to make this decision.
37. Mercury and World., 21/9/1923.
38. Unfortunately the PWD records at the State Records Office do not contain Hydro correspondence beyond a box of loosely collected and insignificant articles. However, the close working of Minister, and Chief Engineer and Manager, is patent in the Premiers records, and in extant contracts of the time.
39. Examiner, 19/1/1915.

40. cf. John Monash's appointment as chairman of the SEC in Victoria. He was named as such in an Act which thus protected him from arbitrary dismissal. See Geoffrey Serle's John Monash (Melbourne, 1982), p. 437.
41. Section 42 (d) (1), (2).
42. Section 42 (d) (5).
43. Staff Conference Minutes 22/1/1923. From Hydro archives AX/12. "The Minister tells me in one breath to shut down, and in the next to take a chance." p.2

### CHAPTER THREE



Chapter Three: Asserting Political Control,  
Fighting Political Interference

When the Great Lake Scheme came into the hands of the Tasmanian people the atmosphere was one of almost hysterical optimism. People seemed to think that almost instantly the price of electric current would drop, power would become available to all who asked, and the State would be transformed into a Lancashire of the South: power and industry would bring about a revolutionary change in the island's socio-economic outlook. Naturally this did not happen. The logistical problems caused by wartime shipping and economic recessions exacerbated the fact that great schemes cannot be constructed overnight. However, some Tasmanians tried to account for the fact that their dream had failed to materialise by looking for problems closer to home. They found them in the administrative and managerial structure of the HED. Before even a year of commercial operations had been completed, a movement had begun to advocate reorganisation of the Department.

The movement can be broadly classified into two main thrusts. On the one hand people ignored the fact of political control and instead identified John Butters' control of both engineering and business as the root of the problem. This was based largely on a general prejudice against engineers as businessmen.<sup>1</sup> For some it was also

based on a simple distaste towards elitism, autocracy, and Butters' apparent love of captaincy. Others simply felt that he had too much 'on his plate' and doubted if any single person could manage such a complexity of work. Naturally Butters' himself recognised the need for thorough organisation and clear demarcation of professional tasks. It was often ironic that when the press or parliamentarians stated that he needed another accountant, a secretary or a different accounting system, his Ministers could usually reply that Butters was already advertising.<sup>2</sup> But when it came to relinquishing executive responsibility over the whole undertaking the Chief Engineer and General Manager was steadfast in opposition, and his Ministers stood in his support. Thus periodic calls for a division of responsibility under two heads - one technical, one business - fell on deaf ears. Despite one weak attempt in 1918 to erect a business board between Butters and the Minister, JHB's authority remained undiminished until he retired.

The other main thrust of the reform movement came from those who advocated a statutory corporation and saw Ministerial control as the main obstacle to efficiency and broad-based national development of the State's water resources. Despite a certain affinity for some of the ideas contained in this campaign, Butters again resisted. While he desired that his accounts be separated from those of the consolidated revenue; that his initiatives should not be frustrated by the time-consuming practices of parliamentary

decision-making; and that his operating figures should not be subject to public scrutiny: not until 1921 did he see separation from Ministerial control as the answer.<sup>3</sup> Instead he desired, and received in most cases, the support of his Ministers in shielding his operations from what he saw as obsessive political interference.

Whenever Parliament met to consider Butters' estimates and vote appropriations for the following year's HED operations, its members used the opportunity to discuss the Department's administration. Although the General Manager upheld the democratic process, it was often irksome for him. Answering endless questions from his lay shareholders consumed a great deal of Departmental time and money. This was a blow to efficiency which Butters could not tolerate. Criticisms sometimes also manifested as a slur against his professional capacity, or even his personal integrity. When answering charges of waste and maladministration brought against him by Labor's A.G. Ogilivie in 1922 his tone of voice betrayed hurt and offended feelings. But he was also criticised for that, with charges of insubordination!<sup>4</sup>

J.B. Hayes, his Minister from 1916 - 1923, did all he could to support Butters against such charges and generally the criticising Members of the House of Assembly retracted these claims. But when parliament pressed a question, Hayes was duty bound to answer. Despite his claim that it was not 'in the State's interest', he was several times forced to

reveal HED details, such as the cost of power supplied to the Electrolytic Zinc Company (E.Z.),<sup>5</sup> and in one case the price received from the sale of exhausted work horses.<sup>6</sup>

What was needed perhaps was a 'recoup clause' such as the Victorian Railways Act included, which caused the cost of enquiries and unprofitable operations to be charged to Treasury.<sup>7</sup> However, this was never asked for. Until the Hydro Electric Commission Act of 1929 the HED simply had to endure 'political interference' of this sort. There can therefore be no surprise that Butters was a strong advocate of managerial independence in the 1920's.

What might seem surprising is that it took until 1921 for this strong advocacy to develop. With world-wide trends moving towards the statutory corporation as a standard method of conducting public enterprise, Butters remained for seven years a firm believer in political control. Fortunately for the researcher, Butters himself revealed the reasons for his stance in a letter to Hayes dated 17/6/1917. To his mind the new undertaking's attachment to the government was all important. For a start it provided a source of capital. Secondly it brought with it all the benefits to be gained from executive patronage.

Butters asserted that while a commission might simplify his own job the Hydro was a 'political instrument for the development of the State'. Perhaps in the future an apolitical body might be suitable. However at present he

feared the idea would involve unjustifiable expense and the creation of an inappropriate bureaucracy. What was wanted now was the flexibility available to an autonomous manager unhindered by the need to consult others in every decision. In summary he wrote:

In my opinion the time is not yet ripe for any serious consideration being given to the establishment of a Power Commission. The early stages of a scheme such as ours are, in the first place, engineering, and, in the second place, political, and, until the responsible engineer is in a position to place the whole of the engineering information before his controlling body of laymen, no radical and irretrievable generalisation can be made. I therefore think that until the water power survey of the State is completed, and until the financial market is in a much better position than it is today the question of a power commission should be postponed and the control and responsibility remain with Ministers advised by an expert officer with full professional and personal responsibility as is the case at present.<sup>8</sup>

This letter came in negative response to William Ebenezer Shoobridge's direct request that the government consider appointing a power commission. Shoobridge had been publicly advocating for nearly two years<sup>9</sup> that Tasmania follow the example of the Ontario Hydro Electric Power Commission, which had been operating since 1906. His tireless, colourful and optimistic promotion of the idea kept many people interested for a great many years. His public addresses, press contributions and long parliamentary interjections earned him the unofficial title of 'The Member for Water'. Entering parliament in 1916 at age seventy he

seized any available opportunity to talk on the subject. Perhaps this often drove other Members to the Member's Bar,<sup>11</sup> but he did command a great deal of respect. However one person he failed to convince was Butters. Shoobridge's main interest, as an agriculturalist and exponent of socialist principles, was not Hydro power but irrigation. This he saw as the key to successful population of the State through closer settlement. It was his promotion of a commission to consider hydro-electric development only in conjunction with all other possible uses of water, which turned Butters against him. The HED official did not expand upon his assertion that the Hydro's task was political. We might suggest however that he feared a commission because it would constrain him to consider uses of water other than power generation. If the Department was considered a pet project of the government, hydro-electricity could continue to receive financial preference over irrigation. Butters wanted all available funds to go towards his project and, therefore, publicly debated the issue on several occasions. He was brutal with Shoobridge, implying the old man was a fool.<sup>12</sup> Nevertheless Shoobridge sprang back after each attack.

Despite Butter's June letter, public pressure for some sort of business board' was too strong for the Liberal Government to postpone some sort of concession. So they talked to their official and by October he had undergone what might appear something of a 'volte face'. In that month he produced his Annual Report. This stated that, at

the suggestion of Premier Walter Lee and Attorney-General William Propsting, he had given 'mature consideration' to the commission question and come down in its favour. He asked that a consolidating Act be charted to clarify the status of the HED. His comments are contained in Appendix A. At first glance they amount to an exposition of the classic statutory corporation; with an apolitical board of three experts, appointed for seven years and holding all the powers previously vested in the Minister. Treasury regulations and the 'Audit Act' were requested 'to allow the business of the Department to be carried on exactly as a private enterprise would do it.'

Butters' recommendations, however, and to this stage his wishes, still fell short of full managerial independence. They reserved final responsibility to the Minister should the Chief Engineer and General Manager disagree with the commission. This would probably prevent the board undermining the executive responsibility of the head official. Butters asserted elsewhere in the report his reasoning for this escape clause. He had found no case world-wide in which a public enterprise of the nature of the Hydro was in the control of more than one man and working with total efficiency.

What Butters was in effect advising was the establishment of a board of experts with which he could 'thrash out ... the business and commercial interests

connected with any proposition he may have under consideration'.<sup>13</sup> The recommendations sounded sincerely in favour of reform. In many ways they were. But they made absolutely no suggestion that anyone but he should initiate anything. Further, a reading of Appendix A shows that Butters' did not want to have to deal with general water supply. Instead he recommended a 'Commission of Conservation', with representatives of various interests including the government and himself, to collect data and carry out a complete water survey of the State.

When the Annual Report was tabled in the House in November it met with warm approval from the press. However the administrative implications we have just discussed appear not to have been considered. What The Mercury was interested in was his comments on the Department's finances.<sup>14</sup> Butters had called for the establishment of depreciation and redemption funds. At present the scheme was not paying because there was still a great deal of construction work going on. But contracts with HEPM Co. (which had continued to develop its metals works) and EZ promised real revenue production in the near future. When this eventuated the HED should be ready to allot funds for future contingencies. The Mercury agreed this was a sound practice pursued by all sound enterprises: perhaps if all the functions of the State, 'had been carried out on the lines followed by large developmental companies', the taxpayer would be altogether better off.



Far more important from Butters' perspective were The Mercury and Examiner's endorsements of his desire to have HED accounts entirely separated from those of the Treasury. 'That will tend to simplicity, to the saving of expense of duplicate bookkeeping, and to a better understanding each year of the exact financial position of the undertaking',<sup>15</sup> wrote The Mercury. Butters may well have added the words 'business flexibility'. Under the present arrangements every penny spent had first to be allocated by Parliamentary appropriation, and Butters had a very difficult time working under these conditions. Indeed as we saw in Chapter Two his successful efforts in this regard won him a vote of confidence in 1923. Despite The Mercury's support and heavy campaigning backed by influential Hobart accountants Wise and Inglis,<sup>16</sup> the HED had to wait until 1929 for its financial wings.

By February 1918 people began wondering if the government, which had prompted Butters to formulate the apparently 'far reaching' reforms he advocated the previous October, was going to follow through with them. Recent public complaints about the price of power - despite promises in 1915 that charges could only fall with government ownership<sup>17</sup> - brought a haughty response from the Government. A Ministerial statement probably penned by the General Manager bewailed 'continual and unwarrantable attacks' from 'individuals lacking correct information',

which 'must inevitably detract from (the Department's) efficiency.'<sup>18</sup> With the government thus supporting Butters, other interests hoped that an alternative board might somehow act more in the general interests of consumers. Consumers or potential consumers outside the HED grid fell into this category of people who, as taxpayers, felt they had a right to share in the benefits of Hydro power.

The announcement of a 'Consultative Board' and its terms of reference was therefore received as a mixed blessing by some. When W.H. Simmonds of The Mercury read them he flew into a literary tirade against the government. While the paper had no criticism of the eminent personnel of the board - Hobart solicitor M.W. Simmons, Launceston accountant Gordon Creasey, and Hobart merchant C.E. Webster - that was about the extent of its pleasure. The government was 'making the appearance of yielding under pressure' yet had 'done nothing to the point.' The Board could only give advice when asked while the power of decision over both policy and detail remained with the General Manager and the Minister. The Board had no executive power; no right to examine; no control over the appointment, salaries or work of officers. Furthermore its advice could be ignored. Simmonds believed that the Board would break down because the three members would not stand such conditions. His paper preferred not to say it, but 'the lack of business capacity of the Chief Engineer' needed a far more definite cure. The only purpose the Board would serve would be to

'cover up some more blunders'. In the preparation the government had 'trifled with a big and most important matter, and has made a compromise which is worse than the old arrangement.'

It is a most unfortunate characteristic of the present State Government that, while quite capable of recognising the right thing to be done, it most frequently fails to do it. But even more wonderful is the curious weakness which will constantly attempt compromise when decision is most necessary, so that Ministers end by displeasing those with whose privileges they have interfered, and do not please those who demand some real reform.<sup>19</sup>

The strength of The Mercury's assertion was a foretaste of Hancock's assertion in Australia, that such was the case with all Australian governments.<sup>20</sup> From 1918 to 1929, in regard to the Hydro, successive Tasmanian Ministries proved the point quite periodically.

Hayes felt it necessary to respond. He said that the Board was only an interim measure; the government needing Parliamentary approval to establish a statutory authority. Board Members were there to gain experience for the more complete reorganisation planned for the end of the year. Simmonds then withdrew his criticisms.<sup>21</sup> Nevertheless, in the long run, his assertions were to be proven correct: and henceforth The Mercury was a committed advocate of the statutory corporation. 'Declining faith in representative government' had its Tasmanian manifestation.

The Consultative Board's first and last report was included in the HED Annual Report of 1917/18. It is contained in Appendix B of this thesis. A reading will show that nothing controversial was said; no criticisms made; no far reaching proposals forwarded beyond what Butters had already said: the Board acted simply as a support group for the executive officer. It seems to have complied with the existing order, and virtually signed its own death warrant. The 'draft Bill' discussed in Section Six of the report, and the subsequent Bill presented to parliament constituted little more than a compromise, bound to be rejected. It proposed to erect a board with certain powers of investigation (to enter lands, take evidence, etc), but absolutely no powers of initiative or enforcement. Section 18 enumerated the Board's duties. These were to 'advise', 'assist', 'consider and report', and generally 'to perform such duties of an advisory or investigatory nature in the interests of the Department or the State as may be assigned by the Minister'. (My underline). The Board was therefore to be a tool: leaving all real power in the hands of the government and Butters. If Butters must have a board, then this was the sort of board he would have.

The Hydro Electric Advisory Board Bill<sup>23</sup> was brought before the House in mid December, 1918, when Christmas presents and beach holidays filled Member's minds. It received absolutely no encouragement whatsoever, even from Hayes, and clarified the government's actual intention: to

maintain political control and the existing status quo. Shoobridge gave his usual speech about the real need for a 'proper' commission and claimed that the Bill was a 'sham and absurdity, and was never intended to be anything more than make believe.'<sup>24</sup> Jim Ogden, the Labor conservative<sup>25</sup> always hostile to Butters as a businessman, and ever ready to agree to full-scale reorganisation, ridiculed the Bill as an attempt to erect a shelter behind which Butters and Hayes would hide. Someone else disapproved of such an important question being presented to the House so late in the season.<sup>26</sup> The Constitution Clause, which simply proposed that 'there shall be an advisory board ...', was negatived 'by the voices'. This was a time-honoured method of disposing of unwanted Bills. Minister Hayes thanked the Honourable Members for their comments and, stating that he was not particularly anxious to press the Bill at this stage, simply let the whole matter drop.<sup>27</sup>

The Bill showed that the government was not at all eager to relinquish political control over the HED. It made no attempt to solve the problems caused by Sections 80 and 81 of the 1915 Act which tied the Department to Treasury. The Consultative Board fizzled out of existence and for the next two years Butters was virtually silent on the matter of administration. However he remained ever diligent on internal management. Generation and consumption grew. The Cadbury chocolate factory at Claremont took a block of power in 1919. The establishment of Kelsall and Kemp's and

Paton's and Baldwin's textile factories at Launceston finally brought long requested state-electricity to the North. (Butters had long resisted political pressure for a northern transmission line on the basis of the need for suitable demand: 'I do not propose to connect anything which is not remunerative.')

<sup>28</sup> With this expansion the HED staff grew and began to develop into a complex organisation. Unlike many other civil service departments, this one was based on published Staff Instructions<sup>29</sup> which placed great emphasis on 'Initiative': 'any officer who by cast-iron adherence to instructions brings about a result contrary to the interests of the Department will be held responsible.'<sup>30</sup>

In 1920, as JHB prepared for an extended, government-funded study tour of America and Europe (an innovation in itself for a Tasmanian State employee), Hayes appointed a Deputy Chief Engineer and General Manager, Fred Nicholl. At the end of July Butters was feted by the Hobart Chamber of Commerce and toasted for his technical and administrative skills and his business acumen.<sup>31</sup> Three days later his civil service counterparts seconded the accolade.<sup>32</sup> At the largest function, put on by the Hobart Marine Board, J.B. Hayes amused the dignitaries with his toast to Butters: "'More power to you!' (laughter)."<sup>33</sup> No truer word spoken in jest! Walter Lee added his view that the State 'had the right' to interest itself in power, but that the success of the whole undertaking depended on the executive head.<sup>34</sup>

Already Butters was the HED. So far he had done a remarkable job, despite his critics and the government's lack of will to reform. The man was a success, and he was still young at thirty-five. One of the last things he noted in his scrap book before leaving was that Sir John Monash had been appointed chairman of the Victorian State Electricity Commission at the princely sum of 3000 pounds.<sup>35</sup> Butters was on 1500.

FOOTNOTES

CHAPTER THREE

1. In 1921 F.M. Nicholl, an engineer, was appointed as Launceston's first city manager. Butters used the opportunity of a farewell function to decry some people's 'extraordinary idea that engineers knew nothing about business.' He cited American city managers, saying that most of them were engineers. Examiner and World 12/4/1921.
2. This happened in 1916 when government backbencher W.H. Burgess called for a full-scale enquiry into the Hydro's business and the appointment of professional aides for J H B. Minister J.B. Hayes responded that the latter was already being done: Burgess retracted. Mercury and Daily Post 9-11/11/1916.
3. This was announced in the Annual Report of that year. 1920/21.
4. Mercury 2, 14, 15/11/1922.
5. Ibid. 9/10/1921; 22/8/1922.
6. Ibid. HA 17/10/1922.
7. R.L. Wettenhall op cit., (1961). pp. 67/9.
8. PDI. 135/11/17. JHB to Hayes 17/6/1917.
9. Ibid. W.E. Shoobridge to W.H. Lee 22/5/1917.
10. Shoobridge made his first full-scale dissertation on the Ontario Commission in the Daily Post, 26/7/1915. For Shoobridge see H. Broinowski, 'W.E. Shoobridge: A Tasmanian Visionary.' (Tas. Uni. Hons. Thesis, 1970). Also see Shoobridge file in Tas. Uni. Archives,



11. In 1926 Shoobridge was giving one of his usual speeches in parliament 'He quoted at length the example of California and Canada', reported the Mercury. 'Halfway through his remarks it became necessary to call for a quorum.' 2/12/1926.
12. World and Mercury 28, 29/5/1920.
13. Author's underline.
14. Mercury 6/11/1917.
15. Mercury and Examiner 6/11/1918.
16. Daily Post 20/2/1918; Examiner 25/2/1918.
17. Mercury 11/3/1918.
18. Ibid.
19. Mercury 26/3/1918.
20. W.K. Hancock op cit., pp. 127, 130.
21. Mercury 28/3/1918.
22. See Chapter One, n. 33.
23. Tasmania: 9<sup>o</sup> Geo. V. Bill 81.
24. Mercury 18/12/1915.
25. Richard Davis, 80 Years Labor 1903-1983. (Hobart, 1983). pp. 9, 15-17, 21. Ogden was expelled from the ALP in 1926.
26. Mercury 17/12/1918.
27. Ibid.
28. The quote is from his June 1917 letter to Hayes, op cit. Butters and the government's dealings with Launceston can be found in PDI 148/56.
29. First published 1/7/1918, continuously revised and republished in 89 page booklet 1/1/1922.

30. Ibid. (1922) p. 15.
31. Mercury 30/7/1920.
32. World 2/8/1920.
33. Mercury 30/7/1920.
34. Ibid.
35. Hydro press-cuttings scrap book 1919/20. p. 66.  
Cutting from World, 3/8/1920.

## CHAPTER FOUR

CHAPTER FOUR: CAMPAIGNING FOR INDEPENDENCE. THE H.E.C.

The last two chapters have shown that 'political control', as Butters saw it, was nominal. In most respects the General Manager was in control of the HED in both its policy and its day to day management. The function of the Minister was seen to be one of sheltering the Department from 'political interference': which term referred to attempts to influence the workings of the department from outside. Political interference might involve pressure placed upon the Hydro to extend its system into non-profitable extensions. It might involve unfounded allegations of mismanagement which, by virtue of the parliamentary system, would constrain the Department to answer stupid and time consuming questions. Politician's questions might even oblige the General Manager to reveal operating figures - a practice detrimental to the State's ability to compete in the business of selling electrical energy at the most advantageous price.

During the early constructional phase Butters was willing to accept political control because the government was the Hydro's only substantial source of funds. This meant that he also had to accept that there would be attempted interference; but he relied upon, and usually received, the protection of his government. However, when completion of the scheme at Waddamana was in sight, he began campaigning for withdrawal of political control. He did believe that the state-enterprise should account to the needs of its democratic shareholders. But he made it

obvious that he felt only an expert, freed of the more arduous constraints of departmental management, could effectively determine the most efficient and progressive direction that development should take.

Hence, in 1921 on his return from overseas, he recommended that the HED should be taken out of political control. He detailed his ideas in a special report<sup>1</sup> to J.B. Hayes. Unfortunately the report is no longer extant.<sup>1</sup> But in his Annual Report 1920/21 he wrote that he was advising much the same system as he had advocated in 1917.<sup>2</sup> There was however one crucial difference:

My recommendation is that my position be changed to that of Commissioner, and that I should have associated with me as Commissioners on part time two gentlemen of extended experience in connection with finance, commercial law, and commerce, who would assist me in the work of the Department.

This will involve a rearrangement of the duties of the senior officers of the Department as soon as can be arranged, by which the technical work of the Department comes under the control of a Chief Engineer, and the non-technical work under a Secretary.

Now, instead of being placed alongside an advisory board, Butters himself was to become the head of a statutory corporation vested with substantial autonomy.

Such a proposal conformed to world-wide trends in the administration of public utilities, which Butters had recently been studying at first hand.<sup>3</sup> It also bore a direct resemblance to the situation becoming apparent in Monash's SEC. It asserted that one man should enjoy a clear power of authority. the elite principle of the efficient, businesslike progressive. At the same time the

proposal provided for a sound base from which the chief could work. His initiatives would enjoy the sanction of politically uncompromised and expert commercial advisors, who would also provide the community with a check against unsound or autocratic decisions. Accountability to the popular will was at least implied by the Minister's ex officio membership. At the same time the commission's integrity was to be protected by the Minister's lack of voting rights. The Minister would be in touch with Hydro activities and provide a medium for intercourse between parliament and the HEC. Meanwhile the commission would enjoy all the security and flexibility afforded private business management, by the accounting reforms Butters had long sought. With regulatory powers the commission would also be able to have enacted provisions to protect public safety and help bring proper standards into the State's electrical industry.

Public response to Butters' proposal was warm. The Mercury was pleased he had 'come around' to its opinion of the need for a commission which included voting businessmen.<sup>4</sup> The World attacked its establishment counterpart for claiming the idea as its own, but agreed to its validity. It blamed the government for not doing something earlier: 'If the Department is a One Man Show ... that is not the fault of Mr. Butters, but of parliament'.<sup>5</sup> Neither paper, however, seemed to consider the fact that Butters was advocating an elevation of his own status.

What was the government's attitude to the proposal?

This is a perplexing question. J.B. Hayes promised that action would be taken, now that J.H.B. had made his recommendation.<sup>6</sup> He repeated his promise a month later in January 1922,<sup>7</sup> and meanwhile the Hydro Electric Commission Bill went to the draftsman. It was introduced into the Assembly on 22 August. But that was as far as it got.

Ten weeks later Butters produced his Annual Report. He was obviously already frustrated by the span of inactivity. Under the heading of 'Efficiency' he made pointed comments about the 'insidious difficulty associated with Parliamentary Government'. He compared his position with that of a private business manager:

In private employ an employee, in whatever grade, can take ordinary commercial risks with the approval of his employer, and sometimes without. In nine cases out of ten he will probably be right; the odd case the risk he took will go against him, and the circumstances will be thoroughly understood by his employer, and the balance remain in his favour.

On the other hand, a public servant is under the continuous liability of having every single one of his actions criticised in Parliament, the whole of the papers called for, and the circumstances enquired into. One mistake is frequently allowed to outweigh a hundred successes. The practical result of this is that a head of a department has to be continually fighting a tendency on the part of his staff to play safe, or else to acquiesce in their doing so.

A private employer invariably supports his executive officers in controlling his staff and in getting the best out of his workmen. The public and Parliament, as the service employer, does not, I fear, sometimes consider the effect of public criticism of their executive officers on the control which those executive officers have over their workmen.

There was also a hint of sarcasm in his conclusion:

It would be presumption on my part to suggest a remedy, but I feel certain that if this aspect

received proper consideration the efficiency of the service generally could be improved.

Butters was addressing, publicly, his old colleague and political chief. By this stage Hayes was not only Minister but also Premier. Despite Hayes' political survival for another ten months,<sup>9</sup> there was no attempt to introduce the Bill for a second reading in parliament, which was prorogued in August 1923. The Bill was reintroduced by Hayes' successor as Minister in the 'Swap government',<sup>10</sup> of Sir Walter Lee,<sup>11</sup> Edward Hobbs. But this seems to have been simply an attempt at appeasing JHB because, as we still see, Hobbs was opposed to the idea of a three man commission.

Why did the government adopt this half-hearted attitude? The most obvious answer is that it was in chaos. Michael Denholm gives a concise picture of the political condition of the Liberal/Nationalist/Country governments and the financial position of the state in the early 1920's. In his article on 'The Lyons Labor Government' he lists the factors which brought Lyons into power on 25 October 1923. They include a deficit of £298,000,

The greatest deficit ever accumulated since... responsible government... the incompetant and unimaginative administration of the... anti-labor governments... disunity and ill-feeling in the anti-Labor ranks... rapid turnover of ministries... serious losses on the Soldier Settlement Scheme... misapplication of funds... dissatisfaction at the condition of affairs in the Railways Department, (an unpopular Premier, and public resentment at the continual intrigues)...<sup>12</sup>

There was no time to think of establishing a Hydro Electric Commission.



However, preoccupation with other more pressingly 'political' matters was not the only reason for the government's inaction. Lee, Hayes and Hobbs wanted to keep the one department which could stand to their credit. An 'Economy Board' which reported in early 1923 singled the HED out as a model of efficiency virtually unique within the public domain.<sup>13</sup> What is more, the Department could be visualised as soon to be a contributor to consolidated revenue. Butters' department was therefore the last responsibility such a beleaguered government would shed.

Butters, however, was not running the government. He was managing the Hydro, and it was increasingly coming under attack. A Staff Conference Report of December 1923 tells something Butters had long recognised. Asked to consider 'ways and means to effect economies in the Department', Butters' branch officials attacked the regulations of the Audit Department and Treasury. Money was being lost daily by 'absurd duplication' of accounts and the machinery for their processing. Having to get 'petty votes' from parliament for every minute expense also made a lot of work: 'the work could be cut down 50% if we could handle our own cash in the same way as the State Electricity Commission'.<sup>14</sup> Butters hinted in his 1923 Annual Report that he had had enough. Despite his contract being only half-expired, he said the report might be his last.<sup>15</sup>

At any rate his Tasmanian career had reached a plateau. He had created a 68,000 horsepower scheme

virtually from nothing. Though the war had hindered development, its progress was moving according to the policies he had long ago laid down. Stages one and two of distribution were complete; with power now supplied to the Derwent Valley and Launceston. Stage three - supply to the provincial municipalities - would soon be underway. Construction had reached an end with completion of the Waddamana development, and no new or exciting engineering works were visualised for some time. Meanwhile the news of Monash's success in gaining full control over the SEC's finances<sup>16</sup> no doubt irritated Butters. His salary was still half that of his nearest counterpart, and as a 'Pooh Bah' his horizons had always been broad. His friend, Senator George Pearce,<sup>17</sup> was Minister for Home and Territories in the Bruce - Page Federal government. Therefore he would have been stupid not to apply for the £3,000 position, on offer in 1924, as Commissioner in charge of the construction of Canberra. He got the job, and left Tasmania and the HED to its politicians. No-one could blame him.

Everyone was sad to see Butters leave. The Mercury exclaimed, 'pay him more': 'keep him, and leave him alone'.<sup>18</sup> At the Hydro's tenth birthday party, 5-10-24, JHB was fêted. He looked back and forgave his old hecklers, now in government. There had been criticisms he said, 'But I don't mind criticisms at all when I know I am right!' The government had always spared him the red tape, he said.<sup>19</sup> Ever since he was awarded the C.M.G. in 1923 it had become common parlance to translate the initials: 'Can Manage



ALEX GURNEY : Tasmanians Today  
(Hobart, 1926).

MR. J. H. BUTTERS, C.M.G.

Mr. J. H. Butters, formerly the presiding genius of the State Hydro-Electric Department, and the engineer responsible for its constructional work, rose to a position of such eminence by his activities in the State that he was seized upon by the Federal Government and presented with a £3,000 a year position as Chairman of the Canberra Commission, to superintend the building of the miraculous city in the bush for which the taxpayers are at present paying. Only a man of very wide vision and great ability could successfully have brought Tasmania's Hydro-Electric scheme into being, and Mr. Butters's present position is sufficient indication of what the world thinks of his ability.

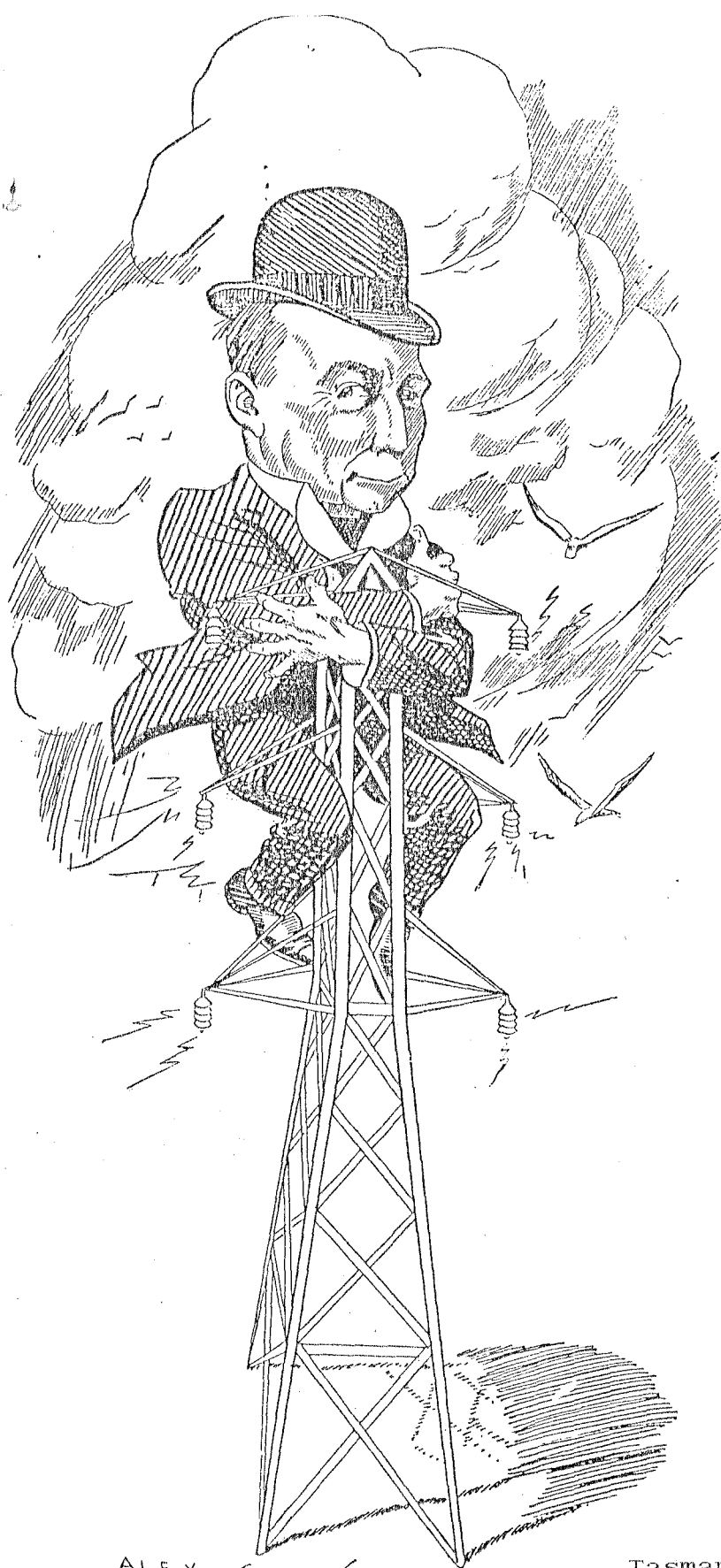
Governments'. All, including 'the Chief' himself, agreed that this was an accolade and not an insult.

Butters stayed on with the Department as an advisor until the beginning of 1925. Meanwhile his 'Chief Operator', Harry Arthur Curtis, stood as Acting Chief Engineer and General Manager while applications for the permanent position were considered by Cabinet.

Curtis was formally appointed in July 1925.<sup>21</sup> We know very little about Harry Curtis. His son Bill hardly remembers the father who died when he was a youth.<sup>22</sup> When 'HAC' took over as chief of the Hydro he was an unknown and there were fears about his ability to step into Butters' shoes.

His was a completely different personality from that of his old boss. A short man, prematurely balding, he was born in New Zealand in 1882. He came to Tasmania in 1915, on the recommendation of Evan Parry, to join the HED. He had travelled widely in his youth, spending 10 years in England and America, where he was enrolled a member of the American Institution of Electrical Engineers. No doubt impressing JHB, he made steady progress within the Hydro. In the years ahead, he was likewise to meet challenges effectively.

Curtis's official appointment was for five years, contingent on the fate of a new HEC Bill introduced to parliament the same day.<sup>23</sup> Lyons was now the Minister. He



Tasmanians Today

(Hobart, 1926).

MR. H. A. CURTIS.

Mr. H. A. Curtis is Mr. J. H. Butters's successor as ruling potentate of the State Hydro-Electric Department, and spends his time in ordering the existence of volts, amperes, watts, and other peculiar creatures within his jurisdiction. His position as head of the Department, which occupies such a large place in Tasmania's industrial life, is an extremely important one, but his highly creditable career leaves no doubt of his ability to fill it. He sometimes takes a trip to Electrona to see if the Carbide Works are still there.

appears to have genuinely wanted to vest the Hydro in a commission. He had withdrawn Hobbs's Bill in March 1924 because he recognised, as Butters no doubt did, that it had been sabotaged. According to the Mercury the 1923 Bill had made no provision to protect existing water rights.<sup>24</sup> In all other important respects, however, it is fair to imagine<sup>25</sup> that the two Bills were essentially an embodiment of Butters' 1921 proposals.

Lyons' nursed the HEC Bill, 1925,<sup>26</sup> through the House of Assembly in the spring. Asking Members to give it full consideration, he urged them to 'do the right thing' and divest the Hydro of its political control. The HED's capital investment had reached £3 million and its revenue was £250,000 and rising. It was therefore far too large a responsibility for one man, no matter what his qualifications. The whole principle of 'One Man' was morally wrong and could be financially disastrous. One only had to look at the TGR, a one-man autocracy. The premier referred also to recent rumours in connection with Ministers and their handling of contracts. He wanted to 'render such rumours impossible'.<sup>27</sup> A Select Committee was set up to consider any demands which interest groups might have. Having amended the Bill to exclude the Hydro's influence from a six-mile zone around Launceston, which was protective of its own substantial Duck Reach hydro scheme, the government was able to get it passed by the Lower House without too much trouble.

But Lyons could not have picked a more inopportune time to introduce a Bill of such far-reaching and

progressive nature into the Legislative Council. This was a period which has become infamous<sup>28</sup> in Tasmanian history for its constitutional struggle between the two stage legislatures. The Council was claiming the right to emasculate the government's monetary Bills. Traditionally very powerful, this 'bastion of conservatism' was reacting harshly to a Labor government. Quantitatively the figures presented in Appendix C demonstrate an exceptionally high failure-rate in 1925/6 for Bills presented to the Legislative Council: almost 20%. This compared very unfavourably with the much lower rejection-rates of surrounding years, and, unfortunately for those who wanted an HEC, spelled disaster.

The 'Chamber of Antiquities',<sup>29</sup> stated reaction towards the Bill was one of conservatism: 'Why change?' It acted in much the same way as had the Assembly in 1918 when confronted with the HEC Advisory Board Bill: giving it very short shrift. Councillors Hart, Lillico, Murdoch, Wardlaw and L.M. Shoobridge simply refused to understand the reasons for creating a commission: 'What is wrong with the present situation'. Hon. John Cheek agreed it was necessary to waters in the state, but objected to the appointment of non-technical laymen as commissioners. Andrew Lawson, the Honorary Minister begged his colleagues not to be impetuous; the aim was to remove the Hydro from political control. To this point Tasman Shields made an acute reply. Referring to the TGR he said that a commission would not be able to resist political control.<sup>30</sup> Perhaps Shields was ignoring the part of the HEC Bill which gave the

commission financial autonomy. But Lawyer Shields was an astute personality,<sup>31</sup> and perhaps he had read Bland's recently published Shadows and Realities.<sup>32</sup>

Perhaps the Council might have acceded to a commission of one. This is what Lyons said he thought they were demanding. He also said he could not understand the 'inexplicable' attitude of the Upper House. The government had no alternative but to drop the Bill because it could not tolerate the idea of giving sweeping powers to one man.<sup>33</sup> The advocates of better Hydro management said the Bill had been 'killed!',<sup>34</sup> 'Ruined'. Their attitude seems justified: at last there was a government with a will to act in this regard; yet it was being frustrated by the forces of reaction. However, despite the Council's obtur ation, its grounds for resistance were not entirely spurious.

Despite the Premier's expressed puzzlement, the real reason for the Legislative Council's action was clear. Its members did not trust a city-orientated Labor government to select 'suitable' personnel for the commission. In September the Mercury had predicted that choice of personnel might form the crux of the matter.<sup>36</sup> The Examiner stated in November that some of the names in circulation were 'calculated to make for some indifference as to the change.' If parliament enacted the Bill, control of electric supplies would be handed over to the commission. It would rest with the commission to decide the terms upon which (and indeed whether) country districts were to be supplied.<sup>37</sup> Since



the Council mainly represented farmers and local government,<sup>38</sup> it was no doubt of great concern that commissioners amenable to their interests were appointed.

Obviously the Honourable Members were not convinced their interests were assured. Therefore they insisted that the Hydro remain in a position where political influence could be maintained. From the country perspective this was the only path to progress. In 1925 electric current was by no means universally available in Tasmania. Many of the small municipalities had been complaining about this for years,<sup>39</sup> but recently their voice had become more strident. Electorally it would have been damaging to say so, but Lyons obviously wanted to divest the government of its political link with the Hydro for this very reason. It was expensive to deliver power to scattered areas. Lyons' main claim to power was as a financial healer.<sup>40</sup> Therefore the country demands were a potential threat to his political ascendancy: far more damaging than vague rumours about Ministers and contracts.

The fate of the Bill therefore made it clear that a Hydro commission would have to wait until 'the interests' were appeased. Curtis set about the task with vigour, and spent the next few years concentrating on extending Hydro current to the municipalities. This had been Butters' policy anyway: 'stage three' of his long-term plan for the State's electrification.<sup>41</sup> But the Council's victory in 1925 made HAC's prominent subsequent activity look like a

real shift in direction.<sup>42</sup> In 1924 an HED steam turbine had been installed in Devonport. It supplied bulk power to the Council, which undertook all street lighting and domestic distribution. This current was also extended to Leven and Penguin where the same system operated. However, in 1926 a transmission line was erected from Waddamana to Railton and by 1928 virtually all North West and Midlands municipalities were being serviced by state power.

Curtis travelled the state ceaselessly, often accompanied by Ministers. (On one such occasion he was in the car crash which gave Joe Lyons his famous limp.)<sup>43</sup> The General Manager was treated with great courtesy, as if a bearer of gifts. The State's taxpayers all had capitalised the scheme. But only now could it be seen to be a national and potentially equitable one. Moreover each new extension was provided in economical manner. A system whereby Councils guaranteed to pay for a fixed amount of power 'use or not' made sure each extension could be financed. This was bound to further cheer the Legislative Council and make it more amenable to the HEC campaign. It would be much easier to hand over sweeping powers to a commission if it was not simply to be an agency for spending taxpayers' money.

Expansion of HED influence into the localities helped Curtis in another way. The Hydro's policy, again as set by Butters, was to deliver power only in bulk, leaving local authorities to light their own streets and distribute retail supplies. Some of the councils had had their own generators

for around twenty years. But rapid technological advances quickly made their distribution superstructures obsolete. Moreover few councils could afford to pay a competent electrical engineer. So, when Hydro power was supplied Curtis was soon able to show up deficiencies in the present situation and offer his Department's capacity to rectify them.<sup>44</sup>

In September 1928 Curtis addressed his new Premier John Cameron McPhee, a moderate progressive Nationalist. He sought to acquaint McPhee with all the arguments in favour of 'sole control', a Hydro Electric Commission and state-wide retail distribution. He pointed out that it seemed 'almost impossible to get the various undertakings to run (their own undertakings) on satisfactory lines', due to the 'unbusinesslike actions' of many councillors<sup>45</sup>. Now was the time to adopt the report of Sir Walter Lee's Select Committee of 1925,<sup>46</sup> which had advocated that the HED become a retail organisation. In September the Rural Districts Electrical Undertakings Act<sup>47</sup> was passed. It allowed the takeover of Deloraine, Westbury, Longford and Evandale's undertakings by the Hydro.

Curtis and Lyons had been negotiating for this since late 1927. News of the negotiations brought the HEC campaign back into the papers. The Mercury wrote that if councils' enterprises were to be absorbed, it should be by a proper statutory corporation. This and all the old arguments were resurrected.<sup>48</sup> No one put the arguments more succinctly, however, than did Curtis in his frank

letter to McPhee, presented in Appendix D. They were basically Butters' proposals of years gone by, with the addition of the new policy of retailing in country districts. Two paragraphs were almost guaranteed to convince McPhee. The Department should be constituted a Commission, wrote Curtis, because:

It would free the government being attacked for grants and impossible concessions.

It would create a body capable of suing and being sued and thus freeing Ministers from action in the Courts in their name, such action always having objectionable features ...

Curtis was making a direct appeal to the political animal in McPhee. His words summed up the relationship between politics and Hydro management as they now stood. The HED had now begun to spread far enough afield to become 'political', an electoral issue, and the government might well be better off without an excessively overt association with it.

In taking over the systems of Westbury, Deloraine, Longford and Evandale, Curtis set a principle. From then on any new extensions were extensions of the Hydro's retailing branch.<sup>50</sup> In 1929 the final thrust was made. 'Uniformity', 'Unification', 'Standardisation' and 'Monopoly' were the catchwords. In August Butters and Hobbs spoke to the Penguin, Burnie, Wynyard, Ulverstone and Devonport councils about taking over their systems. Curtis said that the government and other municipalities had agreed that sole control was the only way to efficiency which would work in the state's best interests. He touched a soft spot by claiming that this was the only way the

advocates of uniform rates could get what they wanted. Councils would still have the power to levy a rate for street lighting, taking a commission before paying the Department.<sup>51</sup> Power would spread rapidly where municipal boundaries restricted it.<sup>52</sup> But first there was needed a Commission.

The Examiners' response to Curtis's proposal was predictable. The General Manager was making a direct attack on the principle of municipal management. It objected: the result would be dependence on a state department, 'distant and inevitably bureaucratic, difficult to move and slow to act'.<sup>53</sup> The Devonport council agreed. It too was making a profit on its undertaking, which helped subsidise property rates.<sup>54</sup> These two councils and their local MSLC resisted the proposal tooth and nail. However they were a definite minority. Their resistance to an HEC monopoly was ineffective and perhaps too obviously self-interested to gain sympathy from the smaller municipalities which readily agreed to give up their liabilities.

HAC's plan - and indeed it does look like a plan - worked. In four years he had won the Legislative Council over to the idea of commission management. By getting involved in municipal affairs he had infiltrated the vested interests. In late November the 1929 HEC Bill was introduced into parliament. This time the proposed personnel of the board was made common knowledge. M.W.

Simmons, of the 1918 Board, was to be one of the Associate Commissioners. The other was to be Cecil B Davies. Davies was managing director of the Mercury: but he was also a consultant electrical engineer who had worked, at one time or another, with nearly every municipality in the state. On the eighteenth of January, 1930 the Bill became an Act.

# FOOTNOTES

## CHAPTER FOUR

1. Not in Public Works Department files or Premier's Department files. Not in HEC Archives. Referred to in Annual Report, 1920-21.
2. See Appendix A.
3. The ostensible purpose of his trip was to attend the World Power Conference in London. He also spent time with Adam Beck, Chairman of the Ontario Hydro Electric Commission.
4. Mercury, 10/11/1921.
5. World, 11/11/1922.
6. Mercury Reprints, 7/12/1921.
7. ibid., 19/1/1922.
8. Annual Report, 1/11/1922.
9. Hayes formed his Ministry on 12/8/1922. He was 'only too pleased to retire after a year of office' on 14/8/1923. John Reynolds, in Frank Green's Century of Responsible Government (Hobart, 1956) p.225.
10. Mercury, 20/8/23. Advocate, 29/8/23.
11. Lee only lasted five weeks in this, his second of three Ministries. 1916-22, 1923, 1934.
12. Michael Denholm, 'The Lyons Labor Government, 1923-1928', THRA, 24/1977. p.45
13. 'Report of Economy Board', PP No. 53, 3/1/1923. p.18.
14. 'Staff Conference Report', internal document, HED. HEC Archives, AX/12(1). Unfortunately this report dated 7/12/1923, and another of 22/1/1923 are the only ones surviving pre-1938.
15. Annual Report, 24/10/1923.
16. See Serle op cit. p.442 December 1922. Monash was ecstatic at this coup, taking it as a very serious matter apropos his 'personal prestige'.
17. *Of the Federal Scientific Research Bureau. See p.28, above.*
18. Mercury, 2/10/1924.
19. ibid., 7/10/1924.
20. ibid., 2/10/1924; 16/12/1924.

21. ibid., 31/7/1925.
22. Interview with Bill Curtis, 13/3/1986. Mr. Curtis supplied me with letters relating to his fathers career. However these were few, and indicative of the paucity of artifacts left by Curtis. Perhaps with more evidence we might revise the Hydro folk-lore which tends to cast all in the shadow of JHB. Anyway, see Examiner 2-23/5/1933 for his large obituary; Cyclopaedia Tasmania (1931) p.59. Saturday Evening Mercury, 1/7/1978.
23. Letter Lyons to HAC 31/7/1925. In possession Bill Curtis.
24. Mercury, 30/9/1925.
25. The 1922 and 1923 Bills are not to be found in Tasmanian Bills. They were probably never printed. The Parliamentary Draftsman, AMP Building, Hobart, likewise has no record of them.
26. Hydro Electric Commission Bill, 1925. 16 Geo.V.No.20.
27. Mercury Reprints, 30/9/1925. It is the nature of rumours that they are rarely recorded. In this case the rule holds.
28. W.A. Townsley, in Green. op cit. p.45 ff. Richard Davis, op cit. pp. 19/20. James Warden, 'The Principles and Practice of Second Chambers and the Tasmanian Experience' (Honours Thesis, Tas. Uni, 1983). pp. 69, 74/5.
29. News, 7/11/1924.
30. Mercury Reprints, 26/11/1925.
31. See Bennett, op cit. p.148. Shields will be in the next ADB release.
32. op cit. See pp. 6, 54, 116, 179 ft. Bland formalised the argument that statutory corporations could be 'a means of deluding the people' into believing they had no political recourse to affect the activities of public enterprises, in 1937. 'Some Implications of the Statutory Corporation', Australian Quarterly, Vol. IX No. 2. 1937. p.45.
33. Mercury, 26/11/1925.
34. ibid.
35. News, 26/11/1925.
36. Mercury, 30/9/1925.
37. Examiner, 9/11/1925.
38. Townsley, op cit. p.34.



39. On 27/7/1916 a conference of North West Municipalities resolved to fight for supply to their districts. PDI 148/56/16. This file contains Butters definitive letter on the subject of supplying outside the Hobart region: 'it is essential the government keeps control of large blocks of power... This is how I see it... but really it is a decision for Ministers'. 19/9/1916.
40. Denholm op cit. p.46.
41. Annual Report 1921/2 stated the policy best.
42. Mercury, Examiner, Advocate, 18/12/1929.
43. They were in a Hydro car on a business trip to the North East and East Coasts. See old papers c. 16/7/1926.
44. See Peter Read's M.Soc.Sci. Thesis 'The Organisation of Electricity Supply in Tasmania', 1985. I must thank Peter for his helpful hints on points where our research has been parallel or crossed paths.
45. PDI 135/16/28, 3/9/1928. Reprinted in Appendix D.
46. PP 1925 No. 42.
47. 19° Geo. V. No. 4.
48. Mercury, 6/12/1927.
49. p.2.
50. 1929: Brighton to Richmond. 1930: Sorell, Huon, Esperance, Kingborough, Leven, Penguin, Table Cape Municipalities.
51. Mercury, Advocate, 14/8/1929.
52. Advocate, 15/8/1929.
53. Examiner, 17/8/1929.
54. Advocate, 17/9/1929.
55. Hydro Electric Commission Act, 1930. 20° Geo. V. No. 83.

## CONCLUSION

Three reasons were forwarded in the introduction for undertaking this study of the evolution of the Hydro-Electric Commission. They were: to add to a growing body of research into the history of government administration in Australia; to contribute to recent historiographical revisionism as to the role of ideology and intellectuals in the shaping of our society; and to fill something of a gap which exists in our knowledge of 'Hydro', and thus Tasmanian history. In the main body of this work an attempt has been made to fulfil those three aims.

In Chapter One the main emphasis was on the development of bureaucratic theory and practice in the western world generally, up to about 1920. The first of these was the role of the State in Society. It was found that the State's role underwent something of a revolution in America and Britain in the last third of the nineteenth century. The pressing influence of developing democracy, and the need for straight-forward economic and physical development, brought about a resurgence of state activity after a period of laissez faire.

These developments introduced a second theme, which was an increasing demand for reforms to the administrative structure of government. Democratic advances - which first affected the middle classes - demanded that administration be removed from venal political control and placed in the hands of a 'neutral' civil service. Based on merit and inspired by modern progressive tendencies towards the deification of 'Efficiency' and 'scientific management',

the reformed administrations were charged with effecting socially-equitable development of the State's resources.

This then introduced the third theme, i.e. the clash between efficiency and democracy. By this was meant the dichotomy which existed between the need for social equity (to account to the popular will), and the equally pressing need for efficient avoidance of waste (which might come as the result of overmuch pandering to popular demands).

To avoid political pandering, Australian intellectuals invented the statutory corporation. This was based on earlier public service reforms. It demanded that the administration of public enterprise be placed in the hands of expertly-manned boards or commissions, and removed from close political control.

Chapter One telescoped towards the end, into Tasmanian history. It attempted with some success to find evidence of people aware of the administrative ramifications of progressivism. It therefore placed the chapters which followed into their ideological, historical context.

The next three chapters telescoped even further, and constitute a case study of the relationship between power, politics and progress in the state of Tasmania, as evinced by the experience of the Hydro-Electric Department. As such, it aimed to continue to contribute to our understanding of administrative history and progressivism; whilst also offering a look into a particular period of Tasmanian socio-economic development.

Chapter Two introduced a new candidate for the Roean Pantheon of Australian progressives: John Henry Butters. It also looked at the legislation which defined the administrative structure of the HED, 1914-30. It showed that those closely involved with the Department desired that power development should be controlled by the government. It also showed, however, that the legislation embodied the principle of expert management to provide for the undertaking's efficient development. Nevertheless, in the light of hindsight it came as something of a surprise to the writer that the general manager should ascribe to such a politically susceptible structure.

However, Chapter Three showed that Butters had every good reason for advocating the establishment and maintenance of political control. In the early construction period the advantages of a direct tap on government influence, and financial resources, were enormous. Such advantages were threatened, rather than assured, by the advent of a commission in the form which was presently being proposed. Since political control acted more as a shield than as a check, Butters enjoyed under the system almost complete autonomy in his management of both the detailed workings of the department and the policy development of hydro-electricity in general. Thus his actions were no aberration, but rather an assertion of the progressive canons.

Due to the existence of an alternative interpretation<sup>1</sup>, which sees JHB striving for an HEC as early as 1917, the above points had to be developed fully.

It is believed that such was achieved in Chapter Three and in Appendices A and B.

In Chapter Four we witnessed what happened after 1921 when Butters actually did undergo a 'volte face', and began to campaign for commission management. We saw that his motives were three-fold. It was drawing towards the end of the major construction period and thus the HED would soon be almost purely a commercial undertaking. Secondly the government was becoming increasingly unable to shelter the Department from politically motivated attacks upon its management. Finally the suggestion was made that Butters was, pure-and-simple, an ambitious man who wanted to achieve a greater status in life than that of general manager of a government department.

The government, however, was at odds with Butters' new stance. It clung to the HED and made administrative life so frustrating for JHB that he found another position interstate and left Tasmania and the Department to its politicians.

Further to an understanding of the relationship between power and politics, we witness what happened when a new government determined that it would indeed try to separate the HED from the control of the body politic. It was shown that Premier Lyons' motives were two-fold. On the one hand he appears to have genuinely wanted to put the Department on a 'sound business footing'. However the removal of political control was an end in itself. Lyons

openly stated that the Department's identification with the government was a political liability. As an 'economy government', Lyons wanted to circumvent the demands of country dwellers for progressive provision of power to their areas. His attempt to separate himself from the Department, however, failed.

The action of the Legislative Council, in 'killing' the 1925 HEC Bill, brought home to Harry Curtis and his Ministers the need to appease municipal interests before the much-needed expedient of creating the HEC could be achieved. In other words, through political pressure the Hydro-Electric Department was brought to account to the demands of the people.

Curtis, Lyons and McPhee, thereupon set about developing a state wide electricity supply system. In doing so they gained the confidence of the Legislative Council. By assuring the municipal interests that the personnel of the new commission would be amenable to their demands, the campaign was sealed. So, in 1929, the Hydro-Electric Commission Bill passed through the legislative without any real show of resistance. A very important point in Tasmania's history was therefore reached. The reader is left to consider for himself the implications this had for the future.

The story of the development of Hydro Electric Power in Tasmania is not a simple narrative. Its history was influenced by a complex assortment of factors: by the

interactions of ideology, personality and circumstance.

Although it is impossible to present a complete picture of the relationships between power, politics and progress in the evolution of the HEC we can, at least, conclude that the provision of Hydro power was inextricably linked to the vicissitudes of Tasmanian politics and differing opinions as to the meaning of progress.

1. Read, op cit. pp.72-74.



## APPENDICES

# APPENDIX A : Extract from Annual Report, 1916-17.

*Management and Control of Department.*—At the present time the Department is working under "The Complex Ores Act," and one or two amending Acts based on this one, "The Hydro-Electric Purchase Act," and "The Hobart Gas Company's Electric Undertaking Purchase Act," and it is needless to say that this multiplicity of Acts is at times very inconvenient. The original Act was one drawn up for a private company, and as might reasonably be expected, a considerable number of amendments are desirable and necessary now that the undertaking has become the property of the State. A certain number and the more urgent of the necessary amendments have been included in a Bill which will be presented to Parliament this Session, as you are aware.

You will, no doubt, remember that when discussing these amendments with you and with the Honourable the Attorney-General, attention was drawn to the desirability of a consolidation of our Acts, and it was decided that the work of preparing a consolidating Bill should be undertaken as soon as Parliament went into recess. The preparation of such a Bill appears to me to be a suitable opportunity to reconsider the question of the management and control of the Hydro-Electric Department. Some few months ago you threw out the suggestion that I should give some consideration to the question as to whether it might not be advisable sooner or later to place the hydro-electric undertakings of the State under a Commission. I have given this matter mature consideration, as you suggested, and I have come to the conclusion that some such arrangement is desirable, and might well be adopted and embodied in a new Bill to establish it, and at the same time to consolidate our existing legislation. I have given careful consideration to what is the practice in various parts of the world, and to the degree of success achieved with the various arrangements, and am firmly of the opinion that the proposals I submit for your consideration hereunder are those best suited to our circumstances:—

There are two distinct functions to be performed in connection with a hydro-electric undertaking such as ours, which will eventually embody a number of distinct schemes, each in all probability connected either electrically or hydraulically with the other. One is the construction, development, and operation of the schemes when decided upon and authorised, and the other the collection of information with regard to possible schemes and the general conservation of water for the general development of the State. In my opinion, these two functions should be performed by two distinct authorities—(1) the Hydro-Electric Department or Hydro-Electric Commission (whichever term is preferred), to construct, operate, and manage hydro-electric undertakings authorised by Parliament, with the inferential function of placing proposals for hydro-electric undertakings before the Minister and Parliament; and (2) a Commission of Conservation to collect data in regard to water-supplies generally, and carry out a complete water survey of the State. This latter commission would have to take into consideration, not only hydro-electric interests, but also irrigation and general water-supply interests; and I would also suggest that such a commission might also include a forestry interest, a lands interest, a mines interest, and, in fact, any interest which, from the point of view of the conservation of the natural wealth of the State, is worthy of consideration. Proposal No. (2) would involve a commission with, say, a Minister of the Crown as Chairman, and a representative from the Hydro-Electric Department, one from the Irrigation Department when established, or, in the meantime, an irrigation expert, a representative particularly qualified to deal with the city and rural water-supplies, a representative to look after forestry interests, another

to look after lands interests, another to look after mines interests, and a representative to look after any other State interest which the Governor in Council may consider comes within the intention and objective of the Commission. I would draw attention here to the fact that a Commission of Conservation was established in Canada in 1909, and includes certain of these functions; it has done admirable work, and I am of the opinion that a similar commission would exactly fulfil our requirements and perform very valuable work in the development of the State. Its particular interest from a hydro-electric point of view would be, as I have stated above, that it would be charged with the work of making water-power surveys, and the preparation of information to be forwarded to the Hydro-Electric Department for further development from a purely hydro-electric point of view, the link between the Hydro-Electric Department and the Commission of Conservation being maintained by the representative from the former on the latter.

Reverting to the authority proposed for the control of the hydro-electric undertakings: in the first place, the universal experience is that the executive engineering and business officer should be one and the same person. I can find no instance of any undertaking for the manufacture and supply of electricity being managed by any officer other than an expert engineer, and I am equally positive that any other proposal would result in rank failure. Were it possible to secure an officer who might be considered as the highest expert on the engineering side and also the highest expert on the commercial side, with an added incidental or two, such as genius for organisation and for the control of a large staff, there is no doubt that the best results would be obtained by vesting the whole of the powers, control, and management in such an officer; but I would suggest that such an officer could only be obtained, even if he were a possibility, at a salary quite out of the reach of Tasmanian finance, and at an age when only a few years of useful service would be left to him. We may therefore rule out the possibility of obtaining such a man and get down to a position which is within the reach of practical politics. The primary requirement in the chief executive officer of a department such as ours is broad engineering ability, a faculty for organisation and the control of men, together with a general business instinct, and the more of the latter quality the person happens to be possessed of the better will he be able to carry out his duties, and the luckier the State will be.

Now, from the technical point of view, experience elsewhere shows that undivided responsibility is essential, and it does not need much argument to show that the technical officer who is responsible for operating a hydro-electric undertaking is the best man to throw the responsibility upon in securing a plant which will operate satisfactorily, as by this means the officer can blame no one but himself if serious trouble develops. Small differences of opinion are bound to arise between experts, but most of them would be non-essential, and in any case the decision of the responsible operating officer should prevail. This is the position from the engineering point of view. Any such executive officer will frequently desire to thrash out with other minds the business and commercial interests connected with any proposition he may have under consideration, and such a function is performed by the board of directors in private enterprise. At present I have to take any proposal emanating from me without the benefit of such assistance to you, and eventually to Cabinet, for consideration and decision, and I would submit that the best results cannot be assured by these means, that it throws a responsibility on Ministers which they should not have to take, and, incidentally, throws upon the executive officer of the Department a business responsibility which is an unfair one, and for which, in my own experience, he gets no credit, and is frequently subjected to attacks and criticism made without knowledge, and without considering that he has no alternative. Summarised, therefore, my considered opinion may be stated as follows:—

- (1) That the controlling authority should not relieve the executive officer of the Department from any of his technical and professional responsibility.
- (2) That it should allow of a board of management, board of advice, commission or whatever it may be termed, to be available to assist

the Chief Engineer and General Manager on the business and commercial side of his work, and to give Ministers, Parliament, and the public the benefit of the accumulated business and commercial experience of such a board, combined with the technical and professional views of the General Manager and his assistants. With such an organisation and authority we should be closely approximating to the practice of a private company, and I think we might safely assume that what has been decided upon as the result of many years' experience in private enterprise as the best method of controlling undertakings is certainly the best for us to adopt.

I therefore beg to make the following recommendations :—

- (1) That as soon as Parliament goes into recess, a Bill be drafted to provide for the establishment of an authority to control the hydro-electric undertakings of the State, and to consolidate and amend our existing legislation.
- (2) That the whole of the powers at present vested in the Minister be vested in the new authority, or be vested in the Governor acting on the advice of the new authority.
- (3) That a Commission or a Board of Management be appointed by the Governor in Council, to consist of three gentlemen selected solely for their business acumen, experience, and ability, to have no connection whatever with politics, and to act exactly as a board of directors would act were the undertaking a private one. The Commission or Board to meet at least once per month, and so much more frequently as the General Manager of the Department may desire for the proper conduct of the business. That they should be paid a fee for each meeting attended.
- (4) That the members of this Commission or Board be appointed for a term of seven years, in order to avoid the continual necessity of educating them into a sufficient understanding of a hydro-electric undertaking to enable them to intelligently apply their business knowledge: the first appointments being for periods of three, five, and seven years respectively, so as to ensure that only one member retires at a time.
- (5) That the Commission or Board be responsible directly to a Minister of the Crown, who would act as the mouthpiece of the Commission in Parliament.
- (6) That the Treasury Regulations and "Audit Act" be so amended as to allow of the business of the Department being carried on exactly as a private enterprise would do it, subject to legislation to be developed, and to Government audit.
- (7) That the executive management of the Department be in the hands of the Chief Engineer and General Manager, who shall be responsible to the Commission or Board or Management: it being laid down, however, that in the event of a recommendation of the General Manager not receiving the concurrence of the Commission or Board, he shall have the right to refer the decision to the Minister, with the reasons for his recommendation and the reasons of the Commission or Board for not concurring therein.
- (8) That a Commission of Conservation be established on the lines set out above.

I have the honour to be,

Sir,

Your obedient Servant,

J. H. BUTTERS,

Chief Engineer and General Manager.

The Honourable the Minister for Lands and Works.

## APPENDIX B : From Annual Report, 1917-18.

### REPORT OF THE CONSULTATIVE BOARD FOR THE PERIOD 15TH MARCH, 1918, TO 30TH JUNE, 1918.

1. On the 15th March last the undersigned were requested by you to act as a Consultative Board in connection with the Hydro-Electric Department until the 31st December, 1918. The duties of the Board were indicated by you as follows :—

- (a) To generally supervise the organisation of the Department, with a view to making any recommendation for improvements and economy.
- (b) All estimates for new construction before going to the Minister to be submitted to the Board.
- (c) All recommendations to the Minister for the sale of blocks of power exceeding 200 horse-power to be first submitted by the General Manager to the Board for its concurrence, and each recommendation to include specific details as to the surplus power remaining thereafter available for sale.
- (d) To collectively and individually bring to the notice of the Minister and/or General Manager any matter they might consider of benefit to the Department.
- (e) To assist the Minister and/or General Manager by a recommendation on any subject connected with the Department which may be referred to them.
- (f) The Board were also requested, in conjunction with the General Manager to make recommendations for your consideration dealing with the permanent constitution and other powers of the Board, and the future management of the Department.

2. *Meetings.*—During the three and a half months between the 15th March and 30th June the Board were called together on eight occasions for the purpose of conferring with the General Manager on various matters. All the members of the Board were present at seven of the meetings, and two members present at the eighth. The Board has also made a three-days' visit of inspection to the works at the Great Lake and Waddamana.

In addition to the matters referred to, opportunity has been taken by the different members of the Board of acquiring knowledge of the business of the Department.

3. *Departmental Organisation.*—The Board has had an opportunity of considering the Organisation and General Instructions prepared by the General Manager for the management of the Department, and subject to the following observations consider them sufficient for the present working of the Department :—

This Organisation, as will be seen from the annual report of the General Manager, divides the Department up into six branches, each of which is in the direct charge of an officer specially selected for the purpose, and, in the case of technical branches, who possesses the exact technical qualifications required. The large amount of important work dealt with by each branch requires the undivided attention of each branch head, and, further, necessitates the special qualifications which have been referred to.

The General Manager, under present circumstances, has to give his personal attention, not only to the general supervision of the Department's work and the co-ordination of the various branches, but also to a large mass of detail work, and he has represented to the Board that, particularly in view of the new works in contemplation, it is an imperative necessity that at a very early date an additional officer should be appointed to assist him in what may be termed the general management of the Department.

This officer should possess not only the requisite and essential technical knowledge, but also a general capacity for administration, in order to enable him, not only to relieve the General Manager from the present necessity of his giving personal attention to so much detail work, but also to be capable of acting as Sub-manager of the Department and Deputy in the case of the temporary absence of the General Manager at any time.

Such an addition to the staff would allow the General Manager more freedom to concentrate his attention on the more important work of the Department.

The insight which members of the Board have now had into the Department's work enables it to say that it strongly supports this view, and considers that as soon as it is possible to secure an officer with the required capabilities this additional appointment should be made.

4. *New Construction*.—The works under this heading carried out during the period the Board has held Office were sanctioned before the institution of the Board, so no estimates or new construction were considered for the period covered by this report.

5. *Constitution*.—In accordance with your request to give consideration to the establishment of a permanent constitution, the Board devoted considerable attention to the matter, and made recommendations, embodied in a draft Bill, and submitted same for your consideration.

In connection with the suggestions made in the draft Bill for the operation, control, and management of the Department, the Board desires to call your attention to their suggestions dealing with finance and accounts. In the opinion of the Board it is desirable that no time should be lost in separating the accounts of this Department from the general Treasury accounts and establishing them on the same basis as would be adopted if the Department was being managed as a purely commercial enterprise by a private company. The suggestions made in the draft Bill are designed to accomplish this.

6. *Accounts*.—The accounts for the 12 months ended 30th June, 1918, have been examined thoroughly by the Board, and we are of opinion that the results shown by same very clearly set out the year's operations; but we feel sure that the difficulties in preparing these accounts will get greater year by year under the present system of bookkeeping, due to the Treasury method of dealing with all moneys.

If the Board's suggestion as to separation of the Department's accounts from the general Treasury accounts is carried out, it will tend to the simplification of the system of bookkeeping considerably, reduce the work of the Accounts Branch and enable the annual accounts to be produced more expeditiously.

Until the Department has proper control of its own finances it will be impossible to create the necessary depreciation funds and repairs and renewals reserves, and although in the past the surplus has been insufficient to start creating these, it would appear that in the very near future the profits will admit of same, and any accounts produced then without making provision for these funds would be incorrect and misleading.

M. W. SIMMONS, Chairman.  
GORDON L. CREASEY, } Members.  
C. E. WEBSTER, }

To the Hon. the Minister for Lands and Works.

APPENDIX C: QUANTITATIVE ANALYSIS OF THE LEGISLATIVE  
COUNCIL'S REACTION TO HOUSE OF ASSEMBLY  
BILLS, 1920/21 - 1931.

	BILLS PRESENTED TO L.C	BILLS AGREED TO BY L.C.	BILLS NOT AGREE TO BY L.C.	PERCENTAGE OF BILLS FAILING TO PASS L.C.
1920-21	76	71	5	7.0
1921-22	95	82	13	15.8
1922-23	73	73	0	0
1923-24	67	58	8	13.5
1924-25	77	74	3	4.0
1925-26	106	89	17	19.1 *
1927	113	103	10	9.7
1928-29	76	73	3	4.1
1930	69	65	4	6.1
1931	65	61	4	6.6

NOTE: This is no more than a quantitative analysis of the simplest kind. It does not take into account the nature of legislation dealt with. However it does appear to support the assertion that Upper House obstructionism was particularly prevalent at the time Lyons' Labor government was attempting to enact the Hydro Electric Commission Bill in the spring of 1925. (\*)

Source : Votes and Proceedings of Tasmanian Parliament.

APPENDIX D : Curtis to McPhee, 1928.

## Hydro-Electric Department,

Hobart.

3rd September, 1928.

SUBJECT:-

COMMISSION BILL:

## MEMORANDUM for

The Honourable the Premier,  
Hobart.

Further to my conversation with you re the Hydro-Electric Department and its future policy, I would submit the following remarks. -

As you are aware, the movement is on foot to bring about the reduction in charges made by the Department for power supplies to Country Municipalities. At the present this is impracticable, as the Department, though paying its pay, has a large accumulated deficiency to wipe off, as well as adjusting many items that are represented by intangible assets which have been created in years gone by, and these must receive attention if the Department is to be maintained on anything like a sound basis.

Again, the supply to Country Municipalities is anything but a profitable undertaking at present, and these supplies have only been undertaken as the finances of the Department improve and so allow this development work to be carried out.

It is the policy of the Department to extend the benefits of a power supply to Rural areas as and when it can afford to do so, always keeping in mind that by so doing it will not throw too heavy a burden on the people of an area taking such a supply.

Up to the present any profits that have been realised by the Department have been made in the City of Hobart and our supply on the West Coast to the E. L. Company.

Another move that may be launched is that the Department should take over all Municipal Electrical Undertakings and run them as the Hydro-Electric Department. While admitting that many of the Undertakings run by the Municipalities are unsatisfactory, and it seems almost impossible to get the various Councils to run them on satisfactory lines, due to the views held by many Councilors and their unbusinesslike actions in managing the Undertaking.



the Department could no doubt manage these electrical supplies in a more satisfactory manner, provided that the Municipalities were to pay to the Undertaking those rates already levied and collected for that purpose.

These collected rates, with the exception of the Street Lighting rate, or such a rate that would provide for Street Lighting, to be reducible as the various Undertakings pay their way until the rates charged were those of the Rural Branch of the Department, but the taking over by the Department of these Undertakings would not solve the problem if the Department is to remain as at present constituted; the Government would still find that influences were being brought to bear, clamouring for reductions, flat rates etc., as well as the construction of unprofitable services or services that would never be profitable or justifiable.

Should such events come to pass, and I quite see that they are a real danger to the Government, it would place the Department in such a position as to be a non-paying Undertaking, and throw an additional burden on the State and further restrict its development, also the Department would be in the position of not being able to offer attractions for establishments in this State.

To overcome this situation I would suggest to the Government that it constitute the Department a Commission with all the powers set out in the Bill previously presented, but with the addition of the right of the Commission to take over the Undertakings of Municipalities on similar lines to those now proposed for the Municipalities of Deloraine, Westbury, Longford and Ryandale.

After some years of experience I am quite convinced that there are few Municipalities that can successfully manage their Undertakings. Again, these Undertakings are not large enough to employ an Engineer capable of guiding them or capable of expanding or developing their business. Such a Bill would have the effect of placing the management and control of the distribution and sale of electricity throughout the State in a governing body, but always leaving the option to the Municipality to be taken over or otherwise. This would ensure thorough investigation in all parts of the State and the development of the possible electrical field.

It would be possible to bring about a more uniform scale of charges in respect to rural areas and ensure a better management.

It would cheapen considerably the administration charges by bringing them under one control.

It would vest in the Commission the water rights of the State, subject to existing legislation. At present these are not under the control of anybody.

It would free the Government being attacked for grants and impossible concessions.

It would create a body capable of suing and being sued and thus freeing Ministers from action in the Courts in their name, such action always having objectionable features. The cost to persons being sued would also be less.

It would vest all loan moneys in the Commission and the Commission would then be responsible for interest and sinking funds thereon.

It would be a direct gain to the Treasury of approximately £8,700 by the sinking funds on existing loans being paid direct by the Commission.

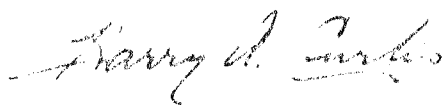
It would separate our finances from those of the Treasury and would obviate the necessity of two sets of accounts; profits only would be paid to Consolidated Revenue, and working expenses would be made out of current revenue.

It would provide the necessary legislation for the making of regulations for the licensing of wiremen and contractors, as well as the governing of all electrical installations. At present this work is carried out in the absence of any direction.

It would provide the necessary legislation for the acquisition of land that may be required for new industries and thus prevent exploitation by the asking of exorbitant prices for factory sites.

Another proposal that is necessary and not already included in the Bill is the difficult fixing of Wayleave compensation. This at present is becoming a very serious item and it is necessary to tackle this question on a very different basis. New Zealand has recently passed legislation providing for free Wayleaves. England has set down a scale, even on her highly-priced land, much below what we are paying. This matter requires urgent attention, as we are continually getting into legal arguments with firms and solicitors who are making the road very difficult for us as well as very costly, as their costs alone often amount to as much as the Wayleave.

I should be pleased to have an opportunity to further discuss the matter with you.



Chief Engineer & General Manager.

Source : Premier's Department Correspondence,  
PDI 135/16/1928.

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